



Department of Commerce
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NSP and GMA Housing Planning Guidebook

Beyond NSP:
Lessons for Future Housing Plans



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INTRODUCTION

LESSONS LEARNED FROM NSP: A GUIDE FOR HOUSING PLANS

The Great Recession marks an important milestone for Washington’s Growth Management Act (GMA). GMA steered communities through the housing boom prior to the recession. Now it needs to help them manage growth and development utilizing slower growth rates and more static housing development.

In 2009, at the start of the Great Recession, the State of Washington’s Department of Commerce created the Neighborhood Stabilization Program (NSP). NSP provides emergency financial assistance to 25 local governments. These communities were hardest hit by the foreclosure crisis. Five years later, local governments are updating their comprehensive land use plans. The housing element represents an important part of that plan – particularly following the housing crisis that continues to linger.

This guidebook uses the lessons learned from NSP to shed new light on how to draft the housing element of comprehensive plans. It replaces the previous “Housing Your Community” – a guidebook developed in 1993 as statewide guidance for drafting the housing elements of city and county comprehensive plans.

The NSP and *GMA Housing Planning Guidebook* reflect the current challenges jurisdictions face as they update their comprehensive plans. The first chapter describes the foreclosure crisis that caused, in large part, the housing crisis. It presents Washington response to it, which includes NSP. It provides a snapshot of today’s housing crisis.

The second and third chapter describes the Neighborhood Stabilization Program. It summarizes the program as well as its accomplishments.

The rest of the guidebook pertains to housing planning in general and the housing element of comprehensive plans, a requirement of the Growth Management Act. The guidebook includes dozens of links to other sources.

A special thank you belongs to the NSP/GMA Housing Guidebook Technical Advisory Committee and the many managers of NSP programs and their non-profit housing providers. Although the funding for NSP expired, they continue to work hard to provide affordable housing and keep the housing crisis from happening again.

CHAPTER 1

THE FORECLOSURE CRISIS IN WASHINGTON

THE NATIONAL HOUSING CRISIS

The “Great Recession” began, in large part, by a rapid increase in home foreclosures. Housing prices began to decline in 2006.

At the same time, residential foreclosures increased in the subprime market. It quickly spread to the rest of the housing market. As the economy fell deeper into recession, job losses exacerbated the problem as homeowners struggled to make their mortgage payments.

The size of the problem was overwhelming. In 2007, the Mortgage Bankers Association reported 5.6 million outstanding subprime loans nationwide. Subprime loans represent 13 percent of the total number of outstanding homes loans. They represent 55 percent of all the defaulted loans that started the foreclosures process in 2007.¹

In 2006, the Center for Responsible Lending issued a report predicting 1.1 million households holding subprime mortgages originated in 2005 through 2006 would lose their homes. In 2008, they updated their prediction to 2.2 million households. In 2009 the U.S. Department of Housing and Urban Development (HUD) released foreclosure data (see Figure 1-2) indicating 5.3 million homes as starting foreclosure or seriously delinquent.²

The ripple effects of foreclosures go beyond just the affected homeowners. Foreclosures diminish the value of

WHAT’S A SUBPRIME LOAN?

Subprime lending refers to loans or mortgages with higher interest rates and less favorable terms than traditional loans.

Many subprime loans have adjustable interest rates. Borrowers get low interest rates for the first year and higher rates in future years.

From the mid-1990s to 2007, home values rose at incredible rates.

Borrowers planned to use the rising value of their homes to convert their subprime loans into traditional loans with fixed interest rates.

But when the housing bubble popped, so did their chances to refinance.

The value of their homes deflated while their interest continued to increase. It left borrowers with increasingly higher loan payments.

Many borrowers were unable to make these higher loan payments and, as result, went into foreclosure.

1 Mortgage Bankers Association (MBA), “Delinquencies and Foreclosures Increase in Latest MBA National Delinquency Survey, December 6, 2007.

2 Center for Responsible Lending, “Third Report on Spillover Impact of Mortgage Foreclosures”, May 2009.

nearby properties and depress the tax base of the community. Speaking to the National Association of Homebuilders in 2012, Federal Reserve Chairman Ben Bernanke describes the affect as follows:

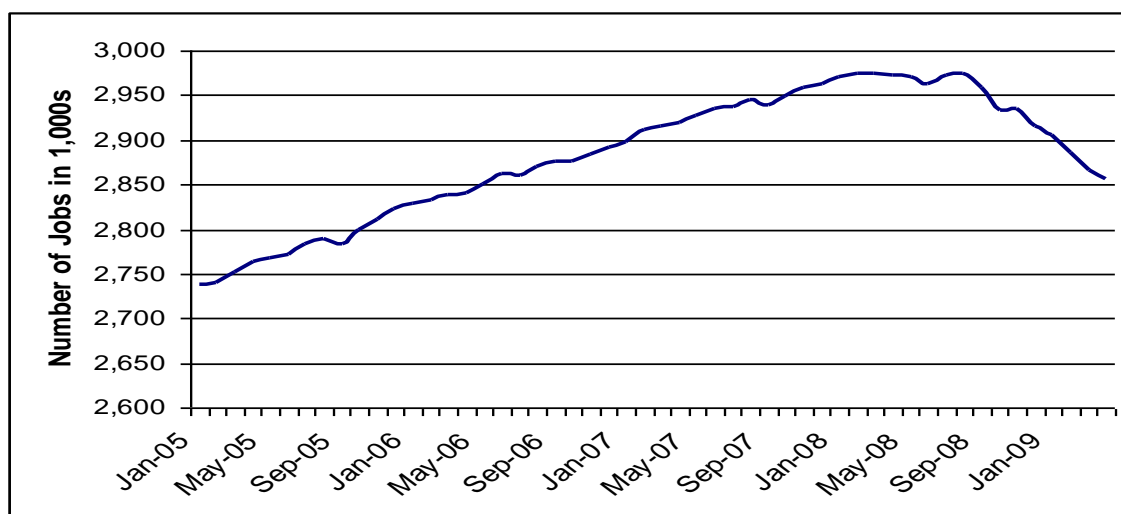
“Foreclosures, particularly when they are geographically concentrated, can diminish the values of nearby properties.A vicious circle can get started: Increasing vacancies together with decreasing tax revenue and consequent cutbacks in services can further depress home prices, putting the goal of neighborhood stabilization even further out of reach.”³

HOUSING CRISIS HITS

Washington’s strong job growth enabled it to weather the storm at the beginning of the foreclosure crisis. At first, the housing crisis in Washington looked less severe than in other states. The outlook changed during the latter half of 2008 and the first half of 2009.

The housing crisis accelerated as Washington lost jobs. Figure 1-1 shows the change in Washington’s job growth from 2005 to 2009. Job growth reached its peak in 2008. By the end of 2009, Washington lost all the jobs it gained since May 2006. It lost nearly 140,000 jobs. Nearly one-third of the jobs lost were from the construction industry.

FIGURE 1-1
Total Jobs in Washington 2005 – 2009



Source: State of Washington Department of Employment Security

³ Speech by Mr. Ben S Bernanke, Chairman of the Board of Governors of the Federal Reserve System, at the 2012 National Association of Homebuilders International Builders’ Show, Orlando, Florida, February 10, 2012. {Chairman Bernanke’s speech to the National Homebuilders Association is available online at <http://www.federalreserve.gov/newsevents/speech/bernanke20110210a.htm>}

Washington's large number of subprime loans and mortgages added fuel to its growing housing crisis. Washington ranks among the top ten of the states with the largest number of subprime loans. Adding this large number of subprime loans to job loss causes foreclosure rates to increase.

Washington's foreclosure rate increased from 1.5 percent in 2008 to 5.5 percent in 2009. It more than doubled over the course of one year. In 2009, HUD estimated that Washington had over 60,000 mortgages either in foreclosure or seriously delinquent.

WASHINGTON'S INITIAL RESPONSE

In July 2008, Congress enacted the Housing and Economic Recovery Act of 2008 (HERA) to address the subprime mortgage crisis. A few months later Congress enacted the American Recovery and Reinvestment Act of 2009 (ARRA). ARRA was a more comprehensive response to the recession growing out of the housing crisis.

Governor Gregoire directed state agencies prepare plans to implement HERA and ARRA. Commerce's implementation plan included a housing strategy with three objectives.

- Recovery: Involves getting money into local communities to recover foreclosed homes and prevent homelessness. Commerce's Recovery Strategy consisted of two main programs: its \$28 million Neighborhood Stabilization Program and its \$11 million Homeless Prevention and Rapid Re-Housing Program.
- Prevention & Protection: Strives to reverse the increasing foreclosure rate. Commerce wanted to assist troubled homeowners who are facing foreclosure. The 2011 Legislative Session created the Foreclosure Fairness Program.
- Restoration and Viability: Urges local communities to develop their own housing stimulus plans, along with the development regulations to implement them. Commerce encourages local governments to focus on enacting affordable housing incentives currently allowed in the GMA along with an increased emphasis toward in-fill and transit-oriented developments or comparable housing strategies that take advantage of existing infrastructure improvements.

FIGURE 1-2
HUD Foreclosure Data for Washington
 October 28, 2008

CDBG Jurisdiction	Estimated Total Number of Loans	Estimated Number of Subprime Loans	Pct. of All Loans: Subprime	Estimated Number of Loans Delinquent 30+ Days	Pct. of All Loans: 30+ Days Delinquent	Estimated Number of Foreclosed Loans	Pct. of All Loans: In Foreclosure
Pierce County	109,090	14,639	13.42	6,302	5.78	2,392	2.19
Tacoma	41,916	6,972	16.63	2,586	6.17	1,127	2.69
Snohomish County	128,748	11,256	8.74	4,876	3.79	1,734	1.35
King County	197,154	13,354	6.77	5,479	2.78	2,073	1.05
Clark County	63,491	6,012	9.47	2,793	4.40	1,237	1.95
Spokane	48,962	4,581	9.36	2,148	4.39	745	1.52
Vancouver	28,973	3,095	10.68	1,265	4.36	571	1.97
Spokane County	45,468	3,350	7.37	1,767	3.89	553	1.22
Kitsap County	42,931	3,501	8.15	1,534	3.57	527	1.23
Federal Way	16,452	2,199	13.36	819	4.98	371	2.25
Yakima	15,835	1,939	12.24	905	5.72	387	2.44
Lakewood	10,015	1,492	14.90	594	5.93	253	2.53
Everett	23,810	2,436	10.23	996	4.18	340	1.43
Kent City	14,558	1,671	11.48	720	4.94	300	2.06
Seattle	121,215	4,965	4.10	2,028	1.67	756	0.62
Pasco	9,873	1,311	13.28	587	5.95	175	1.77
Auburn	11,142	1,327	11.91	506	4.54	218	1.95
Kennewick	13,211	1,239	9.38	591	4.47	204	1.54
Bremerton	11,168	1,150	10.29	508	4.55	191	1.71
Longview	8,276	753	9.10	377	4.56	97	1.18

FIGURE 1-2
HUD Foreclosure Data for Washington
(Continued)

CDBG Jurisdiction	Estimated Total Number of Loans	Estimated Number of Subprime Loans	Pct. of All Loans: Subprime	Estimated Number of Loans Delinquent 30+ Days	Pct. of All Loans: 30+ Days Delinquent	Estimated Number of Foreclosed Loans	Pct. of All Loans: In Foreclosure
Renton City	8,916	723	8.11	288	3.23	137	1.54
Olympia	15,520	998	6.43	377	2.43	134	0.86
Richland	9,406	678	7.21	317	3.37	103	1.10
Bellingham	18,270	968	5.30	405	2.22	144	0.79
Mount Vernon	5,600	492	8.79	209	3.73	71	1.26
Bellevue	29,983	1,087	3.62	382	1.27	140	0.47
Wenatchee	6,172	532	8.62	151	2.44	47	0.76
Shoreline	9,883	467	4.73	157	1.59	70	0.71
Anacortes	4,787	197	4.12	89	1.86	13	0.26
Washington Outside CDBG Areas	300,499	29,127	9.69	12,540	4.17	4,333	1.44
State Total	1,371,326	122,511	8.93	52,295	3.81	19,442	1.42

Source: Analysis by the Local Initiative Support Corporation provided by the Foreclosure Response Project
 Link: [*LISC FORECLOSURE RISK SCORES, 2008*](#)

NEIGHBORHOOD STABILIZATION PROGRAM



Congress enacted the Housing and Economic Recovery Act (HERA) in July 2008. The intent of HERA was to stop the precipitous decline of neighborhood property values. It included the Neighborhood Stabilization Program (NSP).

NSP provides emergency assistance to states and local governments. They use NSP funds to acquire and redevelop foreclosed properties that drive down surrounding neighboring property values. HUD administers the program through its Community Development Block Grant (CDBG) program. With a few exceptions, NSP must follow CDBG rules and regulations. This first round of NSP funds (\$3.92 billion) was distributed to 306 states, cities, and counties via a needs-based formula allocation.

During the first round of NSP funding, HERA established a 'formula allocation grant program' to distribute NSP funds to states and localities. The formula was outlined in the legislation. It was based on the number and percentage of home foreclosures, the number and percentage of homes financed by a subprime mortgages, and the number and percentage of homes in default or delinquency in those areas.

HERA raised the income threshold. It states NSP funds must house individuals and families whose incomes do not exceed 120 percent of area median income (AMI). However, not less than 25 percent of funds may be used to house individuals or families whose incomes do not exceed 50 percent of AMI. All homes acquired for NSP must be purchased at a discount from the appraised price. Program income must be used for other NSP-eligible activities.

Congress enacted two additional rounds of NSP funding (NSP2 and NSP3). On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) provided an additional \$2 billion for the program via a competitive allocation. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act provided an additional \$1 billion for a third round. The third round (NSP 3) combined the needs-based formula of the first round to site-specific targets developed in the second round.

HERA's NSP-1:

On October 6, 2008, HUD released the regulations for NSP. They announced which jurisdictions would receive an allocation. All 50 states as well as 256 cities and counties (plus three territories) received a direct NSP allocation. The minimum allocation for states was \$19.6 million, and the minimum allocation for cities and counties was \$2 million.

Communities eligible to receive NSP funds submitted action plans to HUD, and most signed grant agreements in March of 2009. The statute required that all funds be obligated within 18 months of receipt--September 2010 for most grantees.

FIGURE 1-3
NSP Eligible Uses

Type A	Establish financing mechanisms for purchase and redevelopment of foreclosed homes or residential properties, including such mechanisms as soft-seconds, loan loss reserves and shared-equity loans for low- and moderate-income buyers
Type B	Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed and make them available to be sold, rented or redeveloped
Type C	Establish and operate land banks for foreclosed single- and multifamily properties.
Type D	Demolish blighted structures.
Type E	Redevelop demolished or vacant properties as housing (under Use E, NSP1 funds may be used for nonresidential purposes; NSP2 and NSP3 funds must be used for housing).

Source: HUD, Explanation of Property Types Under Each NSP Eligible Use, February 3, 2009

ARRA's Competitive Program – NSP2

NSP2 was created in the American Recovery and Reinvestment Act and provided additional funds to be distributed by a competition to state and local governments. Unlike the first round of NSP, nonprofit entities, and consortiums of state governments, local governments, for-profits, and/or nonprofits were all eligible applicants.

On May 4, 2009, HUD released the Notice of Funding Availability (NOFA) for NSP2. Applications were due on July 17, 2009. In January, HUD announced that 56 grantees received NSP-2 funds. The vast majority of these were local consortiums that consisted of local governments and/or nonprofits.

Although Washington submitted an NSP-2 grant application, it did not receive a grant. HUD received 482 applications seeking \$15 billion of funds. It awarded 56 grants to agencies providing services to locations in 29 states. Only one out of eight applicants for NSP2 funds received a grant award.

The majority of the NSP2 funds went to states that have substantially higher rates of foreclosure than found in Washington. Two-thirds of the total NSP2 grant funds went to agencies that serve five states -- Florida (\$348 million), California (\$318 million), Michigan (\$223 million), Ohio (\$175 million), and Illinois (\$160 million). These five states are within the top ten states hardest hit by the foreclosure crisis.

Among the remaining 24 states, HUD apparently tried to distribute the funds as broadly as possible. Agencies requesting smaller grant amounts with site-specific projects had a distinct advantage. The amount of grant funds requested in the Department of Commerce's grant application (\$57 million) was several times more than the average grant request. The median grant request among all the grant applicants was \$12 million.

Bridge Notice and other NSP changes.

HUD made a number of important legislative and regulatory changes to NSP shortly after the program began. On June 15, 2009, HUD released the NSP1 Federal Bridge Notice, which detailed how changes in ARRA would apply retroactively to NSP1. Among other changes, the Bridge Notice reduced the minimum purchase discount requirement from five to one percent for each property. It waived appraisals for properties valued at \$25,000 or less.

Recapture and Reallocation

NSP1 grantees were required to obligate all of their funds within 18 months and un-obligated funds would be subject to recapture. On August 23, 2010, HUD released the Notice of NSP Reallocation Process Changes, which described the corrective actions and recapture process affecting grantees that failed to meet the 18-month deadline for obligating NSP1 funds. The Notice permitted most cities and counties to retain their un-obligated funds if they entered into a memorandum of agreement with HUD to improve performance. However, very little money was recaptured because as of October 19, 2010, 99.7percent of all NSP1 funds had been obligated. Washington ended up obligating 99.9 percent of its NSP funds.

Dodd-Frank Formula Grant Program – NSP3

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act. It included \$1 billion for a third round of NSP (NSP3). On September 8, 2010, HUD released the formula allocations for 280 grantees. All 50 states and the District of Columbia received a minimum of \$5 million.

Washington received a \$5 million allocation of NSP-3 funds. In February 2011, Commerce solicited a Request for Proposals (RFP) among its existing NSP jurisdictions. The RFP sought high-impact, site-specific projects located in areas designated by HUD as having the greatest need for assistance s in our state.

Commerce had received 12 proposals requesting a total of \$12,720,500 in NSP3 funding. They evaluated proposals by giving preference to projects that:

- Demonstrate readiness to proceed.
- Leverage other funds by demonstrating partnerships and local commitment.
- Generate or recovered the most housing units, particularly rental housing.
- Encourage vicinity hiring.

Commerce awarded all its available NSP-3 funds to four jurisdictions:

- Federal Way: \$1.7 million for the Westway Neighborhood Housing Project.
- Lakewood: \$640,000 for the Tillicum Low-Income Housing Project.
- Snohomish County: \$1.1 million for the Park Place Townhome Rentals Project.
- Spokane: \$1.4 million for the East Sprague Avenue Rentals Project.

WASHINGTON'S FORECLOSURE CRISIS TODAY

Washington still has not regained all the jobs it lost since 2008. Construction jobs dropped from seven percent of total jobs in Year 2000 to five percent in Year 2011. From the 2000 to 2010 Census, Washington lost nearly 60,000 construction jobs, which results in a loss of over \$3 billion in the State's income base. The increased number of jobs in the service and hospitality industries absorbs only a portion of this lost income.⁴

The downturn in the sale of new and previously owned homes is a major contributor to the current recession. Median housing prices dropped 32 percent since reaching their high of \$314,000 in Year 2007. The median housing price in 2011 is approximately \$225,330, a loss of \$88,700 in home value.⁵

A number of factors contribute to the current decline in home values. Chief among them is Washington's increasing rate of foreclosures. According to the Mortgage Bankers Association, Washington's foreclosure rate increased from approximately two percent in 2008, to 6.4 percent in 2011. They estimate approximately 76,400 Washington mortgages are seriously delinquent.⁶

FORECLOSURE FAIRNESS PROGRAM

The Foreclosure Fairness Program was created by the Foreclosure Fairness Act, passed during the 2011 legislative session.

State law now requires lenders to notify borrowers prior to foreclosure of the availability of foreclosure counseling and the potential for mediation.

Commerce's Foreclosure Fairness Program provides homeowner foreclosure assistance.

FREE housing counseling is available to help homeowners understand their options and determine the best course of action.

For more information,

Call – 360-725-3026

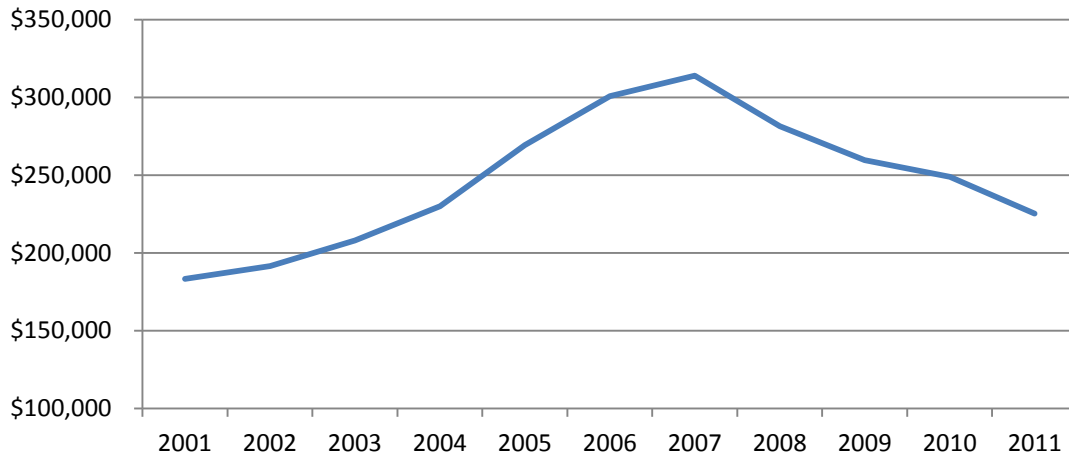
Link: [Foreclosure Fairness Program](#)

4 Department of Employment Security, Nonagricultural Wage and Salary Employment: 2011, U.S. Census Bureau, Year 2000 Census, Table P-49: Sex by Industry for the Employed Civilian Population 16 Years and Over.

5 Washington Center for Real Estate Research, "Washington State's Housing Market: 3rd Quarter 2011", December 2011, page 12

6 Washington Center Real Estate Research, "Washington State's Housing Market: 2nd Quarter 2011," September 2011, page 7.

FIGURE 1-4
Median Price of Single-Family Homes
End of Third Quarter for Years 2001 to 2011



Source: Washington Center for Real Estate Research, Market Data Snapshots

The auction and short sale of foreclosed or at-risk homes depresses the housing market. Short sales occur when lenders allow the sale of homes for less than the amount due on the mortgage. The lower prices of foreclosed homes cause all home prices to fall.

Chairman Bernanke explains the impact in his 2012 speech to the National Homebuilder's Association:

*"Declines in house prices have reduced homeowners' equity by more than 50 percent in the aggregate since the peak of the housing boom, resulting in more than a \$7 trillion loss of household wealth. Indeed, about 12 million homeowners – more than 1 out of 5 with a mortgage – are underwater, meaning they owe more on their mortgages than their homes are worth. One of the effects of declines in housing wealth is to reduce the ability and willingness of households to spend. While estimates vary, homeowners are believed to spend somewhere between \$3 and \$5 per year less for every \$100 of housing value lost. Based on those estimates, it appears that recent declines in housing wealth may be reducing consumer spending between \$200 billion and declines in housing wealth may be reducing consumer spending between \$200 billion and \$375 billion per year. That reduction corresponds to lower living standards for many Americans."*⁷

⁷ Speech by Mr. Ben S Bernanke, Chairman of the Board of Governors of the Federal Reserve System, at the 2012 National Association of Homebuilders International Builders' Show, Orlando, Florida, February 10, 2012. {Chairman Bernanke's speech to the National Homebuilders Association is available online at <http://www.federalreserve.gov/newsevents/speech/bernanke20110210a.htm>}

CHAPTER 2:

NSP AT WORK IN WASHINGTON

WHAT NSP WANTED TO ACCOMPLISH

Commerce wanted the Neighborhood Stabilization Program (NSP) to stabilize local housing markets by helping communities recover foreclosed properties and put them back into productive use.

By the end of August 2009, twenty-five jurisdictions signed NSP grant contracts. They wanted to recover 500 properties with a value of nearly \$90 million. The most common NSP-eligible planned use was homeownership assistance. It represented 38 percent of the original NSP grant, but the lack of homebuyers resulted in a change in plans.

By the time jurisdictions obligated their NSP funds, they earmarked only six percent of the total NSP grant for homeownership assistance. Eventually housing deflation reduced their goal to \$60 million of recovered property.

FIGURE 2-1
NSP's Goals: Original and Revised

Activity	Original Goals ⁸		Revised Goals ⁹	
	Units	Amount	Units	Amount
Type A: Homeownership Assistance	242	\$10,643,473	110	\$1,637,107
Type B: Purchase & Rehabilitation	161	\$11,301,273	186	\$16,873,834
Type D: Remove Blight	64	\$613,880	17	\$300,847
Type E: Redevelopment	33	\$2,763,922	187	\$6,811,722
Administration		\$2,763,922		\$2,535,784
Total	500	\$28,159,290	500	\$28,159,291

Source: Washington Dept. of Commerce, NSP Quarterly Reports

⁸ Source: Applications from jurisdictions for NSP funds

⁹ Source: Disaster Recovery Grant Reporting (DRGR) Report 7b: Grant Funds Budget and Cumulative Data - Activity Level by Responsible Organization, September 1, 2010

WHAT NSP ACCOMPLISHED:

At the end of 2012, NSP jurisdictions purchased more than 350 homes or properties. They rehabilitated or redeveloped the properties and then sold or rented them. Some jurisdictions partnered with local nonprofits to administer their NSP programs. Here is a summary of their accomplishments.

- Since March 2009, when Commerce signed HUD’s NSP agreement, jurisdictions reported:
- Recovering 350 houses representing over \$41.6 million in property values.
- Using thirty-nine percent of NSP funds to benefit low-income households at or below 50 percent of median household incomes.
- Reselling or listing for sale approximately 90 homes. Among these homes, twenty-nine homes were sold by Habitat for Humanity.
- Eighty-two homebuyers receiving financial assistances to purchase a home.
- Purchasing of 30 properties by land trusts to be maintained as low-income properties for over 90 years.
- Demolishing 12 blighted, abandoned properties.
- Constructing, rehabilitating, or converting from ownership to rental over 130 long-term rentals – 27 single-family units, 93 multi-family units, and 6 long-term transitional homes.

Commerce disbursed \$26.6 million of its NSP grant – representing almost 95 percent of the grant, including \$1.78 million in program income. Commerce estimates an additional \$6 million in program income will be earned statewide through the NSP program.

SELECTION OF NSP RECIPIENTS:

The Housing and Economic Recovery Act of 2008 (HERA) stipulates how to disburse NSP funds. It requires giving priority to areas of “greatest need” defined as:

- Having the greatest percentage of home foreclosures,
- Having the highest percentage of homes financed by subprime loans, and
- Areas identified by the State as likely to face a significant rise in foreclosures.

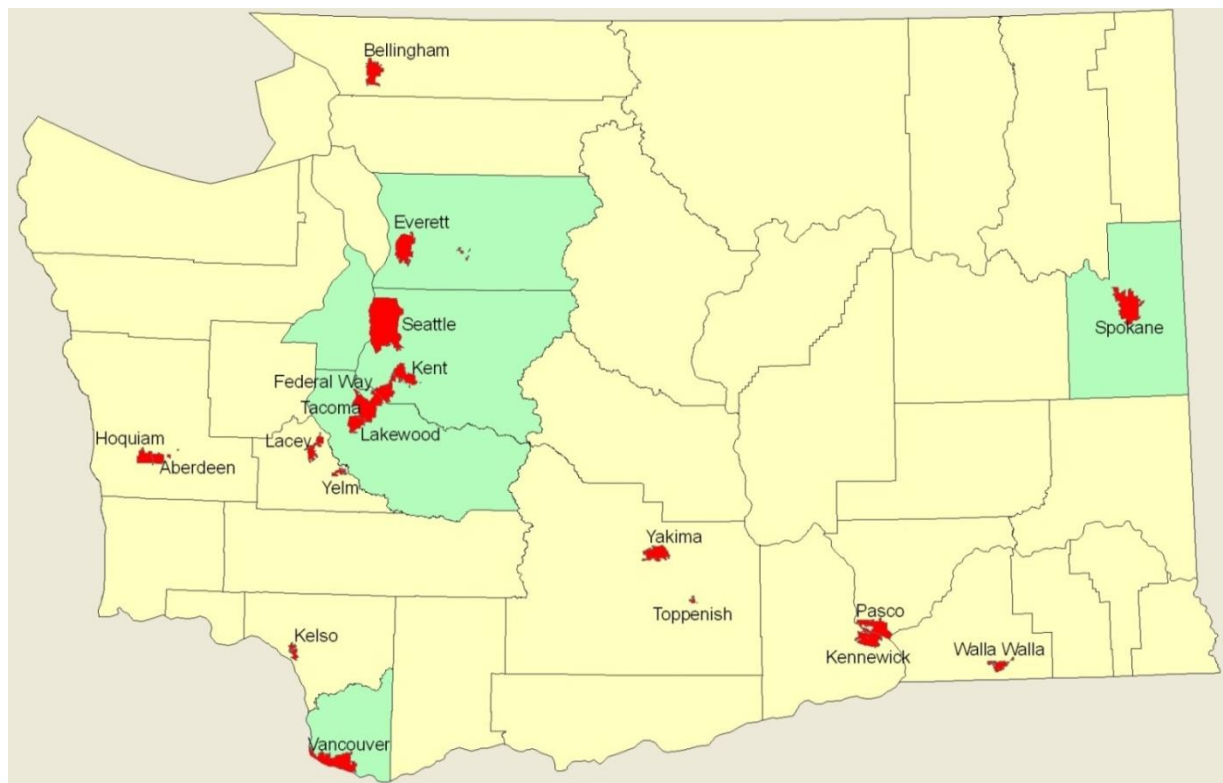
Commerce allocated its NSP funds using data provided by the Local Initiatives Support Corporation (LISC). HUD hired LISC to calculate foreclosure needs scores across the nation. Commerce used the LISC scores for ZIP code areas to allocate its NSP funds. It combined the scores to create an aggregate foreclosure needs score and allocated NSP funds in

proportion to these LISC scores. The following are communities that received NSP funds from Commerce.

Figure 2-2
List of NSP Jurisdictions

<u>Puget Sound Region</u>	<u>Eastern Washington</u>	<u>Western Washington</u>
Snohomish County	Spokane County	Clark County
King County	Spokane	Aberdeen
Pierce County	Kennewick	Hoquiam
Kitsap County	Pasco	Kelso
Bellingham	Toppenish	Vancouver
Everett	Walla Walla	
Federal Way	Yakima	
Kent		
Lacey		
Lakewood		
Seattle		
Tacoma		
Yelm		

Figure 2-3
Washington's NSP Recipients



HIGHLIGHTS OF NSP ACCOMPLISHMENTS:



Each community receiving NSP funds purchased foreclosed or abandoned properties with the goal of reducing blight, stopping erosion of property values, and putting the properties back into productive use. However, the final use of purchased properties varied by local need.

In their application for NSP funds, communities designed their programs to meet specific local needs. Needs were identified primarily using HUD-required consolidated plans for housing, census tract data, and working with local housing providers and the public. Locally identified needs included:

- Affordable rental housing.
- Increasing the percentage of homeownership.
- Addressing blight and public nuisances of properties in very poor condition.
- Providing transitional housing to homeless veterans or other underserved populations.

Some NSP communities had the in-house capacity to administer and implement very successful housing programs. Others did not have this capability and chose to partner with nonprofits with expertise in neighborhood stabilization, community development and housing. Habitat for Humanity, NeighborWorks and local housing authorities had the ability to immediately implement the NSP programs and get funds out to recover properties.

Rental Housing

Thirteen communities concentrated their NSP funds on recovering properties to use as long-term rental housing because their housing markets have a shortage of rental housing units. These communities include Aberdeen, Clark County, Everett, Kelso, Kennewick, Kitsap County, Lacey, Snohomish County, Spokane, Spokane County, Vancouver, Walla Walla and Yelm.

NSP funds are being used in two communities to help fund large, multi-family rental projects.

- The City of Spokane and Spokane County are jointly developing a multi-use facility on an abandoned and foreclosed site that once was a farmers market. This development will provide over 30 rental units along with some commercial space. This facility is part of a long-range plan to bring much needed economic vitality into a depressed area.

- The City of Vancouver and Clark County provided NSP funds to the Vancouver Housing Authority to develop a large foreclosed parcel into multi-family rentals, potentially serving 50 – 100 families. This development is expected to take six years to complete and will benefit an area where over 60 percent of the families meet HUD’s required income levels.

Homeownership

Some communities wanted to increase the percentage of homeownership to encourage residents to stay longer in the community, and thus improve the stability of neighborhoods. The communities of Hoquiam, King County, Kitsap County, Pasco, Pierce County and Yakima used NSP funds to purchase 63 houses for resale to income eligible homebuyers.

Habitat for Humanity (Habitat) played a significant role in a number of NSP communities. Tacoma, Toppenish, Kent, Lakewood, Hoquiam and Kelso provided funds to Habitat. Habitat’s goal is to provide homeownership to low income families. Their model has traditionally been to build new homes from the ground up with volunteer assistance including required donated hours from the actual homebuyer. Recently they have added to this model. For example, after signing a sub-recipient agreement with the City of Kent, Habitat used NSP funds to purchase three foreclosed homes and rehabilitated them instead of building brand new homes. To date, 29 homes across the state have been recovered by Habitat.

Down Payment Assistance

Seven communities chose to provide NSP funds as down payment assistance to help 82 families purchase homes. Tacoma, Pierce County and Federal Way were the leaders in the amount of assistance given. Pasco, Clark County and Everett also loaned funds.

Housing Authorities

Clark County, Everett, Kelso, Lacey, Vancouver, Walla Walla and Yelm worked with their local housing authorities to implement their NSP programs. These housing authorities were able to offer their extensive housing expertise and knowledge to ensure that local NSP programs were successful. A number of these recovered houses are being used for supportive housing to very low-income persons.

The City of Federal Way worked with the Washington State Housing Finance Commission to help them implement a successful down payment assistance program that benefited 11 eligible homebuyers.

Land Trusts

The cities of Seattle and Bellingham contracted with community land trusts. In both cases, the land trusts purchased land that will remain in the ownership of the land trust. Only the actual improvements on the property will be resold to homebuyers. In high real estate cost areas, this allows lower income families to be able to afford homes. The families will be able sell the house, but the ownership of the land remains with the Land Trust. As a condition of the lease, the homes must stay affordable for at least 90 years.

Demolition and Blight

Some communities had distressed properties that were abandoned, falling apart, used for illicit activities or boarded up, and created a health hazard and public nuisance that needed to be addressed. The communities' goal was not to take control of the properties, but to take care of the public nuisance and health hazard. Problem properties were cleaned up – regardless of ownership - and where needed, unrecoverable structures were demolished to remove the hazard and improve safety.

The City of Lakewood cleaned up 10 properties using NSP funds. Two properties were purchased, cleaned up and donated to Habitat for home construction. Other properties were assessed with a tax lien. For the properties where the cleanup cost was repaid by property owners, Lakewood established a revolving loan fund to clean up additional properties.

The City of Kelso also used NSP funds to clean up two abandoned properties. One site, a single-family lot, was purchased, cleaned up, and donated to Habitat for home construction. The second site, a large parcel with a derelict building, had been used as a salvage yard, maintenance garage and junkyard over the years. This site requires soil testing and potential remediation before it can be redeveloped.

CHAPTER 3:

LESSONS FROM LOCAL PROGRAM MANAGERS

As part of the final report on the Neighborhood Stabilization Program (NSP) in Washington State, the Department of Commerce convened a technical advisory committee to discuss the lessons learned from the NSP program. Four conference calls were held in June 2012 with the intent to learn about the challenges and successes of the NSP program.

Local NSP administrators discussed the local impact of the housing crisis, their response and lessons learned. They also stated that the NSP program was a great opportunity to apply new funding to the housing crisis and learn some lessons along the way.

This chapter shows the key lessons learned from the NSP Program that may be helpful to cities and counties developing local housing plans. Discussion of each lesson describes key issues addressed and, where applicable, examples of a local approach to resolve the issue.

Key Lessons:

- Recognize Problems in Housing Market
 - Carefully Select Housing Indicators
 - Elected officials need to know
- Target Specific Neighborhoods
 - Use data to focus on target areas and inform strategy
- Implement a Broad-Based Recovery Program
 - Be clear about the goals, consider full suite of tools
 - Involve local partners, let resources shape policy response
 - Use planning committees and processes already in place
 - Counseling, mediation, landlord-tenant training helps stability
 - Use capital investment programs to revitalize distressed areas
- Realize That Regulations Make a Difference
 - [USE CODE ENFORCEMENT TO ADDRESS WORST PROBLEMS](#)
- Try Different Approaches
 - [CONNECT HOUSING PLANNERS FOR HUD AND GMA PLANNING](#)
 - [USE EXISTING HOUSING PROGRAMS, BUT ALLOW FOR FLEXIBILITY](#)

RECOGNIZE PROBLEMS IN THE HOUSING MARKET

Lesson 1: Carefully Select Housing Indicators

Paying attention to indicators besides housing prices is important because such indicators influence how local housing managers, city or county staff, or elected officials become aware of housing concerns and respond to them. Good sources of housing data are those that are already tracked, relatively easy to access, and provide information about local housing markets. Common indicators of housing market health are the number of housing starts, the price of housing, rent, or the vacancy rate.

Data regarding changes in housing prices may lag one year or more behind the actual change in prices, depending on the source. For instance, at the end of 2007 the median price of housing was at an all-time high. Twelve months later the median housing price dropped 8 percent. However, this information was not available from typical sources, such as the U.S. Census Bureau, until April 2009 -- roughly 15 months later. Other sources of housing data may provide more immediate information on what is going on in the housing market.

Another concern is that information such as census data typically gets summarized at the county or census tract level. This does not provide much information about local housing markets, or provide clues about how to address local problems in the housing market.

For example, data on requests for assistance with housing concerns provides local officials with a tool to know where problems are concentrated, and how they might be addressed. During the housing crisis, people were coming to city council meetings asking for help to address their housing needs.

Here is a list of potential indicators that local housing planners should be able to access:

- Requests for Housing Counseling: Connecting with agencies that provide housing counseling and tracking requests can help local staff understand potential areas where homeowner transition, foreclosure, or a shift in buyers may be occurring. In 2006, housing counselors in Vancouver and Aberdeen noticed increased requests for assistance to help homeowners stay in their homes. These local housing counseling programs also began to see clients from outside the area, indicating a need where services did not exist in the surrounding areas.
- Requests for Housing Rehabilitation Assistance: Tracking requests for rehabilitation assistance can help to identify areas where housing quality may become a problem or where increased investment is occurring. Local governments may want to investigate community needs in areas where assistance requests are clustered. In Vancouver and Aberdeen, staff noticed increased requests for help rehabilitating

recently purchased homes to make them livable. Homebuyers, who had refinanced their home loans to take out some of the growing equity, found themselves in need of assistance to make essential repairs such as a new roof or furnace.

- Code Enforcement Requests: Code enforcements requests and violation notices can also indicate where additional attention from police, code enforcement and where public investment in the neighborhood would be helpful. During the height of the foreclosure crisis, derelict lots, unkempt lawns, and home occupation by squatters led to requests for code enforcement to improve safety near foreclosed homes. The City of Pasco found it was writing code enforcement violations to banks – an indication of who owned many foreclosed homes and that these homes were a problem.
- Housing Incentive Program Participation: Tracking incentivized housing units, number of permits issues, or impact fee revenues are a way that many local governments track housing markets. These indicators may point out changes in demand, problems in financing, or problems in land supply. Some communities experienced significant participation in programs to incentivize housing development, and substantial revenue from permitting fees, during the housing boom. When participation appreciably dropped, this indicated a change in the housing market. At the same time, developers were approaching cities and the state legislature to address development regulations and state laws to provide for longer time horizons for pending development and for impact fees.
- Property Tax Exemption Program Participation: Participation rates for tax exemption programs can indicate the relative level of demand or perceived demand for multifamily housing, and the willingness of investors to build. Chapter 84.14 RCW authorizes cities to exempt the improvement value of new multifamily housing (or the rehabilitation of qualifying existing housing) from the ad valorem property tax for a period of eight or 12 years. In Tacoma, after a significant increase in tax exemption requests between 2003 and 2006, requests under this program stopped. Changes like this may indicate that other tools may be needed to encourage multifamily development if analysis shows that these types of units are needed.
- Document Recording Fees: Chapter 43.185C RCW increased document-recording fees, with the funds to be used for homeless housing programs. Local program administrators noticed a reduction in the amount of fees coming into the local program, indicating a decrease in home sales activity.

Local governments can and should be monitoring local housing market indicators to monitor affordability, jobs- housing balance, future capital facility needs and implementation of other comprehensive plan goals. Housing indicators easy to obtain and relatively current can indicate what is going on in the housing market. These indicators should be easy to display in a way that city staff, elected officials and the public can also see. In this way, staff and

elected officials can consider tools that local government can employ to guide the housing market, and citizens can make wiser housing decisions.

Lesson 2: Ensure Elected Officials Know What is Going On

Tracking the data, and understanding what it may be saying, is only half of the work. The other work is to provide that information to elected officials and citizens in a way that is timely and easy to understand. This will help individuals make personal housing decisions, and will help staff and elected officials determine if a local government might need to take action to address market imbalances.

To be effective, information should be synthesized into a coordinated message. In many cities, city staff who oversee permit counters, code enforcement and housing assistance programs may not be the same individuals, or in the same department. Periodically reviewing indicators and bringing them to the attention of elected officials, particularly during times of significant change, helps everybody – including other city staff. This can provide early alerts that there are problems in housing markets. Elected officials may also hear from individuals at council meetings. For example, people in need of help sometimes speak out at public forums such as city council meetings.

Market indicators continued to change during the housing crisis. Staff and citizens came together to request actions in response to the housing crisis. For example, in Tacoma, citizens requested that the City Council help citizens that were facing foreclosure. Tacoma City Council asked staff to develop some assistance, and the City held foreclosure assistance workshops that helped home owners obtain financial counseling to address foreclosures or pending foreclosures. In Vancouver, city staff was pre-emptive and brought concerns to City Council with a request for authorization to target resources at the housing crisis.

TARGET SPECIFIC NEIGHBORHOODS

The NSP was emergency financial assistance in response to the housing crisis. NSP strived to stabilize communities by purchasing and redeveloping foreclosed and abandoned homes. It took these homes off the market in an effort to stabilize home prices in the surrounding neighborhoods. NSP offered several different types of activities that local governments could choose. These activities ranged from helping citizens with financing, directly purchasing and rehabilitating houses, redeveloping foreclosed properties, demolishing blighted structures, or form community land trust. In all cases, the neighborhood focus of NSP never changed.

Lesson 3: Use Data to Focus on Target Areas and Inform Strategy

Understanding the housing needs of the community was important to direct the purchase of homes and land to meet local needs. As the housing crisis took hold, data on the location of foreclosures, sub-prime loans and affordability was used to identify where the greatest

concentrations of foreclosure were occurring, or were likely to occur. Using data provided by Local Initiative Support Corporation, sometimes supplemented by other sources, such as RealtyTrac, communities carefully identified local areas hardest hit by the housing crisis.

Having knowledge of the location of the highest concentrations of housing concerns is important to know where to target efforts. By concentrating efforts in a defined area, the impact can be greater. NSP managers focused on one neighborhood, which made the process more efficient and concentrated investment and improved the neighborhood.

IMPLEMENT A BROAD-BASED RECOVERY PROGRAM

In general, participating cities considered NSP very timely and a great way to address the foreclosure crisis. It put foreclosed homes back into productive use. Members of the Technical Advisory Committee agreed that local governments would not have been able to address much of the housing crisis without NSP funds. In particular, they noted NSP came at an opportune time to help save/stabilize non-profit housing organizations.

Lesson 4: Be Clear About the Goals, Consider Full Suite of Tools

Although they made sure activities met NSP guidelines, members of the Technical Advisory Committee described how they tailored their strategies to address the unique problems and opportunities of the community they serve.

In some communities, the best application was for rental homes. They used NSP funds to address the shortage of rental properties. They purchased vacant homes and began using them as long-term rental properties. Snohomish County used NSP data to identify target areas with high concentrations of foreclosed homes. They recovered a foreclosed apartment housing that now provides 43 units of affordable housing with income limits for 40 years. In other communities, foreclosed single family and multi-family structures provided an affordable way provide multifamily housing for lower income households.

Several NSP participants partnered with Habitat for Humanity. For instance, Lakewood city staff did not want to become a landlord or a housing developer. They partnered with Habitat for Humanity because it has a proven model that meets the housing needs of low-income households. Clark and King Counties also partnered with Habitat as a way to stretch funds. Habitat for Humanity began using NSP funds to rehabilitate existing, foreclosed homes instead of building new homes.

Initially NSP participants tried to tackle the housing crisis within their communities by offering down payment assistances. They recognized this strategy as a way to recover the greatest number of homes. Although they found a number of eligible buyers, these prospective buyers were not able to find the private sector financing they needed to purchase a home. Several NSP participants met with bankers. The lack of private sector financing stemmed from a number of factors. In particular, the deflation of home values

made financing a home losing proposition. The buyers would almost immediately find themselves holding a mortgage at an amount greater than the value of their house.

By the end of the first quarter of 2010, most NSP participants switched from downpayment assistance to outright purchase-and-resell or rent programs. In some markets, such as Tacoma, downpayment assistance continued to work. Tacoma used RealtyTrac to identify low-income areas with high foreclosure rates. They focused on using downpayment assistance loans to help new owners buy foreclosed homes. The City of Pasco also had similar success using the same strategy.

Members of the Technical Advisory Committee claimed the continued-affordability requirements hindered property sales. For instance, Aberdeen/Hoquiam found very little market for rehabbed homes with a long-term affordability requirement when so many other homes were available for sale with such requirements. Some jurisdictions had difficulty convincing banks to accept the conveyance of continuity of affordability. Both the City of Pasco and Aberdeen/Hoquiam used some creative financing with mortgages and downpayment assistance to develop housing products that would compete in their market.

Local capacity became another issue that hindered the NSP program. Some communities opted not to participate in NSP because they lacked the capacity to manage or administer the program. In other cases, non-profit housing providers were engaged in other emergency financing programs. For example, Pasco was unable to identify non-profit housing providers willing to manage NSP because they were focusing on homeless housing, which likewise received an infusion of emergency financial assistance. Pasco, along with a few communities, became more involved in housing programs than normal.

Lesson 5: Involve Local Partners and Consider Local Resources

Commerce chose to contract with local governments to distribute NSP funds. Its decision was driven by the need to quickly get the funds distributed to areas of greatest need while, at the same, assuring the accountability required by the federal government for its emergency financial assistance programs. Members of the Technical Advisory Committee unanimously agreed that Commerce made the right choice. They generally agreed that local governments:

- Have a broad perspective on the problem – and could target the funds more effectively.
- Have effective existing public outreach processes.
- Can run clean processes – and can also tailor approaches to local need.
- Have code enforcement and other tools to add more authority to the process.
- Often have very strong relationships with non-profits that have clear affordable housing policies, procedures and qualified staff in place and are ready to meet the challenges.

In addition, city and county programs can pull together data to target areas with the greatest need. They also have access to other financial resources. In most cases, NSP cities and counties already had staff that were trained on how to operate a federal housing program. They already had the housing and operational policies in place.

All of the NSP jurisdictions worked with non-profit housing providers and other partners, such as mortgage lenders and Habitat for Humanity, to tackle the housing crisis in their communities. Together they combined their unique perspectives and, in some cases, developed some new approaches.

In some cases, close working relationships with banks helped inform program decisions and purchase properties. For example, the cities of Aberdeen, Hoquiam, Vancouver, Federal Way, Pasco and other NSP jurisdictions worked with banks to find foreclosed properties. These banks often gave them the first look at real estate owned (REOs) by the bank.

Members of the Technical Advisory Committee see the need to maintain these relationships. As the housing market changes, they recognize that they will continue to need the collective and unique experience and perspectives of their NSP partners. They claim it is the only way to understand and respond to what going on in the housing market and the types of tools they need to address the problem.

Lesson 6: Use Planning Committees and Processes Already in Place

Many communities already have advisory boards, commissions or other organized forums for developing and applying housing policy and funding. Many communities participate in state and federal funding programs. Most of them participate in HUD's consolidated planning process.

Using these existing bodies, along with their respective public hearing processes, ensures that a community has an engaged, knowledgeable and well-connected group to make local housing decisions or recommendations to local elected officials. It also assures an efficient process that can quickly respond to market changes.

Some communities were able to use their HUD Consolidated Plans as a basis for NSP activities. Frequent updating and annual reporting on HUD plans helped local coordinators stay in tune with housing issues. Program managers were familiar with local social and housing needs. They were able to use HUD and GMA planning processes to identify a range of options responding to the housing crisis – and quickly gain agreement on a strategy.

In some cases, local experience or capacity limited the range of potential strategies. For example, the cities of Lakewood and Vancouver used a citizen advisory board to make recommendations to the planning board and city council regarding the HUD plan and consolidated plan. Snohomish County used a technical advisory committee made up of

citizens and city representatives for general housing policy, but also created a special committee for the NSP program.

Many communities, such as Snohomish County and Spokane, used an RFP process to guide their response. They found the RFP process helpful to identify projects, target neighborhoods and select NSP sub-recipients. The RFP process also helped assess the capacity of non-profits.

Using data, local partners and existing processes provides an efficient way to make informed decisions on strategies to address problems in the housing market. By understanding the data on where the problem is most prevalent, and the limits of the interventions available, planners can guide local decisions.

Lesson 7: Counseling, mediation, landlord-tenant training helps stability

First time homebuyer education programs makes sure new homebuyers are well prepared for responsible home ownership. It helps homebuyers make decisions regarding an appropriately-sized and priced home. It helps them learn to consider associated costs, such as transportation, utilities and home maintenance.

Even when homes became at risk of foreclosure, local governments still recognize the importance of counseling and mediation. For example, Tacoma sponsored many foreclosure intervention events. They brought together borrowers, lenders, and a HUD-certified mortgage counselors to assist more than 500 distressed homeowners. In Vancouver, staff asked and received more local funding for housing counseling programs. In other communities, local non-profits provided services and workshops to overwhelming numbers of homeowners worried about the affordability of their homes. Statewide, the Washington State Housing Finance Commission (HFC) expanded the foreclosure counseling program with new funding from fees on foreclosure filings.¹⁰

Lesson 8: Use Capital Investment Programs to Revitalize Distressed Areas

NSP funds could not be spent on public works or public services. However, they can be combined with non-NSP funds to target capital investment to revitalize distressed areas.

For several years the City of Lakewood focused on the distressed community of Tillicum, a neighborhood located in the southeast portion of Lakewood. It is the neighborhood that received the bulk of Lakewood's NSP funds. Lakewood used other federal and state funds to invest in sidewalks around schools, street lighting, and road and sewer improvements. These investments encourage citizens to investments in their own, private homes.

Spokane dedicates its CDBG funds to thirteen low-income neighborhoods. Each neighborhood has a neighborhood council. The City of Spokane asks these councils to

¹⁰ www.dfi.wa.gov/consumers/homeownership/foreclosure-mediation.htm

recommend the allocation of public funding within their neighborhood. As a result, they can better target public funding, including NSP funds, toward investments that matter the most.

Vancouver uses neighborhood planning to select investment strategies. They have 65 designated neighborhood associations. Each association has some level of funding. They each have a board that selects and develops projects. CDBG funds are used in low-income neighborhoods along with other funds. The neighborhood associations decide on the capital improvement priorities, which may include sidewalks, ADA ramps, playgrounds and parks improvements.

Tacoma has several long-standing programs including areas that combine low-income housing tax credits with other capital improvements. Small annual neighborhood innovation grants provide for neighborhood improvements. The City of Tacoma uses housing repair and loan programs to improve the appearance of neighborhoods and reduce blight.

In the Tri-Cities, local jurisdictions use HUD's Consolidated Plan, to identify target areas. This plan also identified specific neighborhood planning and other needed capital improvements.

Communities planning under GMA can choose public investments to support neighborhood stability. For instance, the housing and capital facility elements of local comprehensive plans should identify where public investments are needed. Strategies might include:

- Addressing crime, youth engagement, and senior services as a way to revitalize neighborhoods and encourage residents to stay and invest in their communities. Examples include actively collaborating with law enforcement, senior or other social services to bring public services to areas in need.
- Making investments in public facilities such as parks and community gardens.
- Prioritizing public investment in certain areas or partnership with for-profit or non-profit developments to develop larger projects as anchors.

These public investments can help leverage volunteer and other service organization to pitch-in. For example, in Aberdeen-Hoquiam a volunteer-based program called "Paint the Corridor" painted 66 owner-occupied houses on the two main highway corridors that transect both of these cities. Both cities planted numerous trees and created neighborhood parks. Hoquiam developed "Hometown Hoquiam" as their roadmap for the city development. They have received many awards for their efforts. NeighborWorks and Habitat for Humanity are part of that effort.

REALIZE THAT REGULATIONS MAKE A DIFFERENCE

Lesson 9: Use code enforcement to address worst problems

Empty and foreclosed homes do not have anyone in the home to maintain the landscaping, defend the home, or provide passive surveillance in the neighborhood. Instead, these empty homes have un-mowed lawns and invite squatters to move in or vandalize the home. This obvious disinvestment not only affects the property itself but, unless neighbors take action to make the home look occupied, decreases property values and safety throughout the neighborhood.

The housing crisis created a situation where people were occupying the properties, creating unsafe situations. Code enforcement became a key tool in abating unsafe, unsightly, or unsanitary conditions.

Although the City of Lakewood already had a well-developed nuisance abatement program, they used NSP fund to step up their efforts. They already identified a need in the Tillicum area to reduce the impact of abandoned homes. In this area, conditions declined dramatically in 2008. Code enforcement officers and police were working as a team to improve safety. They identified properties that needed to be demolished or substantially revitalized.

After Lakewood used NSP funds to clean up the property, they placed an abatement lien on it to recover their cleanup costs. They use the payment of these liens to cleanup other property or acquire abandoned properties.

Pasco has a program similar to Lakewood. They use their code enforcement program to inspect rental properties. Pasco's Consolidated Plan prescribes this program as a way to keep properties from deteriorating.

Pasco requires a landlord to get a business license for their rental properties. This license requires the landlord to let the city's code enforcement officer inspect their rental units once every two years. A violation becomes a quasi-judicial action. The property receives a correction notice, then a violation notice; and, if left uncorrected, the landlord gets fined. Pasco provides financial assistance to rehabilitate rental properties and invest in other capital improvements. They offer financial assistance to remove blight.

In Vancouver code enforcement requests came from neighborhood associations after unkempt lawns and "camping" in foreclosed homes became a problem. In Spokane, code enforcement staff trained neighborhood representatives to recognize code infractions and how to submit complaint reports. If the neighborhoods see a problem, they are encouraged to make the complaint.

Tacoma's housing repair and rehabilitation programs identify and correct health and safety deficiencies. It requires Crime-Free training for any agency to receive federal funds for

housing projects. Tacoma supports Fair Housing through the Fair Housing Center and through its Human Rights Department, which includes a Landlord/Tenant Specialist.

In Lakewood, Crime-Free Housing training is offered to landlords in partnership with the Lakewood Police Department. Lakewood also took advantage of classes through the Fair Housing Center of Washington www.fhcwashington.org/ to offer to certain groups such as – REALTOR®s, minority housing organizations. Lakewood is looking to do more.

In Spokane, the Spokane Housing Authority and local health department offer a federal “Smoke-Free Housing” program to housing providers. The local landlord association also does their own training for members to help improve compliance with regulations.

The Washington State Healthy Homes Initiative, funded by a CDC grant and coordinated by the Washington State Health Department and Seattle/King County Health Department, is creating a statewide resource network to link homes with health hazards to local programs. This may increase attention to healthy home issues and low-income home repair needs.

Code enforcement requests and code enforcement actions can be used as a way to identify areas of the community that need extra attention and intervention. Local governments that had strong code enforcement programs were able to quickly address problems created by abandoned homes.

TRY DIFFERENT APPROACHES

Lesson 10: Connect housing planners for HUD and GMA planning

There are three requirements for housing planning in Washington State:

- Ending Homelessness Plans: Statewide, each county must develop ten-year “Ending Homelessness Plans” as required by RCW 43.185C. These plans closely match HUD requirements for its homeless programs. An “Ending Homeless Plan” is a prerequisite to receiving state funds generated by document recording fees. They must apply these funds to their homelessness programs.
- Housing Element of the GMA comprehensive plan: All cities and counties planning under the Growth Management Act (RCW 36.70A.) are required to include a Housing Element in their twenty-year comprehensive plans. The housing element includes an inventory of housing, a projection of 20-year need and an evaluation of any policies needed to meet the need. Counties are also required to develop county wide planning policies, which address affordable housing.
- HUD Consolidated Plans: Jurisdictions that receive funds directly from HUD are required to develop Consolidated Plans for housing and capital facilities that benefit very low and low income households. Consolidated plans must be updated every three to five years.

Each of these plans has different purposes. They pertain to different period of time. As a result, coordination between these plans sometimes breaks down. Planners for each housing plan are likely different people. Funding and tools for implementing the plans come for different sources. In general, the Technical Advisory Committee agreed that seldom do they use a coordinated approach for planning for the continuum of housing.

As housing planning is connected, shared use of indicators and performance measures works to assess local housing markets. Shared strategies and interventions can be used to help provide for a full continuum of housing choices across age, income levels and abilities.

Lesson 11: Use existing housing programs but allow for flexibility

The current system of providing market rate and subsidized housing has developed through time. It provides a variety of home-ownership and rental opportunities. However, not all households are able to find housing that is affordable within their income level. Subsidized housing has long waiting lists of people waiting for a chance to live in a decent home at an affordable rate.

Housing types such as manufactured housing, townhomes, and cottage housing can provide home ownership opportunities for households that may otherwise not be able to purchase an affordable home.

More “smaller units” are needed due to aging population, smaller households. In some areas, private developers have already recognized and are responding to this need. Planned unit development, smaller houses, elder cottages and barrier free homes are being developed. Over the past twenty years, many jurisdictions developed and passed cottage ordinances. Spokane and Lakewood have such ordinances.

In general, the most affordable housing is housing that is already in place. Keeping these homes affordable is a big challenge. For example, several Technical Advisory Committee members talked about how modern building code requirements make rehabilitating existing older multifamily buildings an expensive endeavor. The costs can sometimes result in housing units no longer affordable to the target population for which they were built.

Some Technical Advisory Committee members mentioned they use community land trusts (CLT). CLTs provide homes at a much more affordable price because the price does not include the cost of land. Owners purchase only the value of the improvements to the land. The value of the land itself remains in the trust. The cities of Vancouver, Seattle, Bellingham along with Snohomish County use a land trust model.

Habitat for Humanity found that the use of land trust model was important to implement HUD’s new 2012 HOME Program regulations. These regulations require new affordability periods each time the unit is resold unless the occupant lives in the home for 20 years. Vancouver’s Habitat program found that many owners were selling their homes much

sooner than the 20 years and moving up into non-restricted housing. They use of a community land trust model to keep these Habitat homes affordable to the next buyer.

While economic development is a significant goal for many local governments, few economic development programs specifically focus on providing affordable and workforce housing as an economic development strategy. Approaches for providing workforce housing and incentivizing housing development may include:

- Down-payment assistance, rehab loans, lease/purchase programs.
- Rezoning or development incentives such as tax breaks, local infrastructure financing tool program (LIFT), planned action ordinances, impact fee-free zones.
- Assistance for existing homeowners, such as equity insurance programs.
- Grant funds for façade, yard and fencing improvements to enhance curb appeal.
- Working with responsible investors to provide preferential access, capital subsidies, fee waivers, and assistance in finding tenants.

Lesson 12: Strategically Locate Affordable Housing

Several Technical Advisory Committee members think public financial assistance for housing will likely decrease over the coming years. As a result, they encourage housing planners to look at other factors that may decrease housing costs.

Some Committee members noted NSP represented a general trend to focus on target neighborhoods. For example, NSP-3 represents how HUD wants to make a big impact by focusing fewer projects in a specific area. They recognize the merits of these strategies. At the same time, they warn dispersing low-income housing remains important relative to other factors such as schools and economic opportunities. They also think concentrating on a specific neighborhood makes sense only in larger cities. They contend dispersing public housing becomes more important in smaller geographies.

The Committee also discussed the growing importance of combining transportation and housing costs. They noted such a combination might find that housing generally becomes more affordable housing near transit services. In particular, they expressed concern about housing providers who do not look at the cost of private transportation when looking at locations for lower-income housing. In Tacoma along with other Puget Sound cities are starting to recognize transportation corridors as a way of responding to affordable housing in an environment of reduced programs, staff and funds.

CHAPTER 4

USING NSP LESSONS IN HOUSING PLANS

Nearly four years ago, Commerce received emergency financial assistance from the federal Department of Housing and Urban Development. Commerce used these funds to create the Neighborhood Stabilization Program (NSP).

NSP attempts to stabilize communities that were hardest hit by the foreclosure crisis. For instance, it funded activities that help reduce foreclosure rates. It tried to increase absorption rates and reduce the deflation of housing values. The lessons learned from NSP can be helpful in drafting the housing elements of comprehensive plans under the Washington Growth Management Act (GMA).

This chapter will focus on two of the key lessons learned through NSP:

- Housing plans and regulations need to focus on local housing markets.
- If local governments want to make an impact on their local housing market, they need to tackle the problem at the neighborhood level.

TODAY'S CHALLENGE

From 2011-2012, the housing market began to improve after four years of deflation.

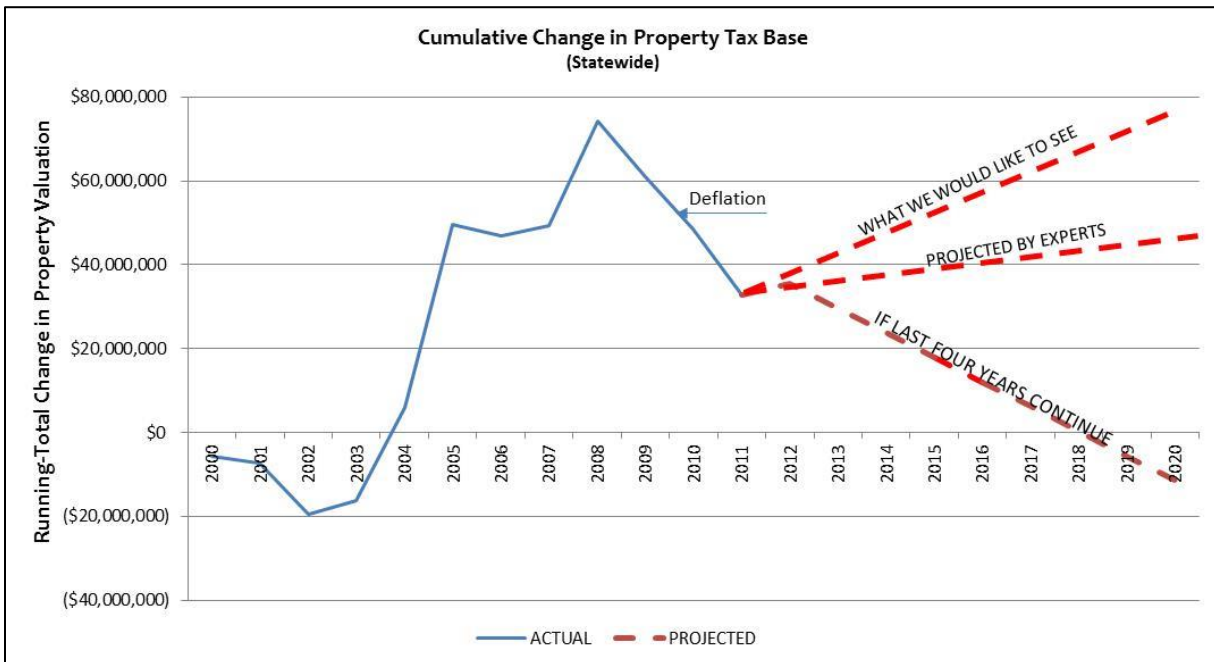
Figure 4-1 illustrates growth in the state's property tax base since 2000. It is difficult to predict whether the degree to which this recovery will continue.

Local governments consider the growth rate important because it helps pay for increases in government services and operational costs. If the property tax base keeps growing, then property taxes increase along with a city's ability to provide services to its growing population.

But over the past four years, the property tax base of most communities deflated. The erosion of this vital tax base constricts local governments' ability to continue to provide services to its citizens.

As local governments and school boards look at the future, a key question becomes – if and when will the property tax base start growing again? To help effect that growth requires, among other things, comprehensive plans that are in tune with their local housing markets.

Figure 4-1
Predictions for Housing Recovery



Source: Washington Department of Revenue, Tax Statistics FY2011-2012 (Predictions added by Bill Mandeville, AICP, Dept. of Commerce, Growth Management Services)

TRADITIONAL RESPONSE & NSP RESPONSE

Most cities and counties have little to no experience dealing with deflation of the size or magnitude experienced during the Great Recession. When it does happen, it typically occurs at a much smaller area.

Many cities and counties do have experience trying to reinvigorate declining neighborhoods. The traditional approach, at least for the past twenty years, focuses on the characteristics of the particular neighborhood that is declining. City planners look at ways to increase the mix of low to moderate income households. In this way, neighborhood environments reduce the negative impacts of poverty, failing social networks and lost opportunity.

The traditional approach typically looks at the mix between rental and owner-occupied housing. Until recently, the emphasis was on owner-occupied housing. Residents in owner-occupied housing tend to remain in the neighborhood longer. Consequently, they achieve more of the positive affects offered by the neighborhood. Longer-term residents develop greater capacity to resolve or refrain from problems such as public nuisances and crime. They invest more of their personal income into maintaining their homes or promoting

various amenities offered in the neighborhood; for instance, parent-teacher organizations, sports and patronizing nearby businesses.¹¹

When Commerce developed the Neighborhood Stabilization Program (NSP), it included the techniques attributed to the traditional approach. At the same time, NSP added features. For instance, NSP increases the income-eligibility threshold to 120 percent or less of the area median income. It recognizes the importance of removing abandoned and blighted structures.

NSP either directly or indirectly made several cities passive investors in owner-occupied or rental housing. These cities will remain responsible and accountable for the housing that they provided for many years to come. It forced cities to look at strategically targeting their housing assistance to make the biggest impact on foreclosure rates.

The following table presents the “traditional” approach and the strategies added by the NSP Program.

Figure 4-2
Approaches to Neighborhood Stabilization

Traditional Approach (Baseline Strategies)	NSP Approach (Additional Strategies)
<u>Housing Market Characteristics</u>	<u>Housing Market Characteristics</u>
<ul style="list-style-type: none"> • Adjust Homeowner/Renter Ratio • Incentives and Subsidies • Availability of Housing Units 	<ul style="list-style-type: none"> • Strategic Targeting of Housing Assistance • NSP Matrix to Reduce Foreclosures • Redevelop or Remove Abandoned Homes
<u>Neighborhood Characteristics</u>	<u>Neighborhood Characteristics</u>
<ul style="list-style-type: none"> • Decrease Mobility • Increase Housing Diversity • Promote Some Degree of Gentrification 	<ul style="list-style-type: none"> • Expanded Income Eligibility to Include More Affluent Homebuyers • Continued Affordability • Cities as Passive Investor

Source: Bill Mandeville, AICP, Washington Dept. of Commerce, Growth Management Services

¹¹ Van Gent, W.P.C. “Housing Context and Social Transformation Strategies in Neighborhood Regeneration in Western European Cities.” *International Journal of Housing Policy* 10, no. 1 (March 2010): 63–87.

How can local governments apply the lessons learned from NSP to land use planning? How can cities and counties continue to help their communities recover from the housing and foreclosure crisis? We grouped the lessons learned from NSP into these five categories:

- Recognize Problems in the Housing Market
- Target Specific Neighborhoods
- Realize Regulations Make a Difference
- Try Different Approaches
- Implement a Broad-Based Recovery Program

RECOGNIZE PROBLEMS IN THE HOUSING MARKET

Local officials in 25 NSP jurisdictions led the way responding to the foreclosure crisis. NSP jurisdictions ranged from small towns like Toppenish to large cities like Seattle. Each shared a common objective -- to remove their cities from the list of areas with the greatest foreclosure rates.

All communities want a housing market that supports the local economy. But many city officials feel powerless regarding how to make any impact on the housing crisis. Early signs of the crisis appeared beyond the reach of local governments. Yet when the crisis hit, emergency assistance (e.g., NSP) went primarily to cities. An expectation went along with these funds that city officials have to do something about their local housing crisis.

NSP asked local jurisdictions to do something not commonly requested from them. It asked them to stabilize their local housing markets. Obviously, the problem is too big for a single program, like NSP, to solve. But it did make some impacts. We did learn some lessons.

As the National League of Cities noted, the foreclosure crisis may be viewed as an opportunity to re-orient housing strategies.¹²

“The foreclosure crisis should not be viewed as a temporary problem that must be addressed in order to get on with business as usual. The crisis will have results that alter what is “usual,” which will require a new strategic approach to manage the changed conditions. Thus, the foreclosure crisis may be viewed as an opportunity to re-orient housing strategies to focus also on creating or supporting neighborhoods that offer residents an attractive place to live.”

NSP administrators described how they sought direction from their comprehensive plans and, in particular, their CDBG consolidated plans. Unfortunately, these plans focus more on growth. They did not offer too many ideas regarding what to do when housing values deflate and foreclosure rates increase. NSP administrators had to be creative.

¹² Center for Research and Innovation, National League of Cities. *Resilience in the Face of Foreclosures: Lessons from Local and Regional Practice*, 2010.

Cities and counties have several tools that they can use. These tools range from capital improvements to education; for instance, code enforcement, public safety, homeownership counseling and assistance, housing repair, and down-payment assistance loans. All these tools, either directly or indirectly, connect to a plan or regulation. They also connect to the housing market. Local officials learned that improving their local housing market links to between land use plans and development regulations and the housing market.

One reason why city officials feel powerless regarding the housing market stems from the belief that public planning lays opposite of private enterprise. In reality, planning and markets actually depend upon each other. Planning delineates and/or restricts what people can do on their land within a specific area. This provides the structure for the market.

“Housing market” refers to exchanges between buyers and sellers, landlords and tenants, property owners and developers. Markets reflect the cost and risk of carrying out complex transactions that typically involve multiple groups of people. Markets respond to the “rules of the game”.¹³ The rules of the game are established through planning and markets.

Understanding the interaction between local plans, development regulations and the local housing market is critical when local governments update their comprehensive land use plans. This interaction establishes the value of transactions. It delineates and/or restricts rights regarding the use of property.

Figure 4-3
Planning Versus Market Perspective

Land Use Planning	Housing Markets
<u>Relational Structures</u> <ul style="list-style-type: none"> – By people who currently use, want to use or who are affected by the use of land 	<u>Relational Structures</u> <ul style="list-style-type: none"> – Between buyers and sellers, landlords and tenants, property owners and developers
<u>Restricts Rights to Use Property</u> <ul style="list-style-type: none"> – Through land use plans and development regulations 	<u>Restricts Rights to Use Property</u> <ul style="list-style-type: none"> – Through prices, covenants, restrictions and/or neighborhood associations.
<u>Establishes Value</u> <ul style="list-style-type: none"> – By determining potential uses of the land and the types of buildings that somebody can put on it. 	<u>Establishes Value</u> <ul style="list-style-type: none"> – By determining how much people will pay for the potential uses of the land and the building on it.

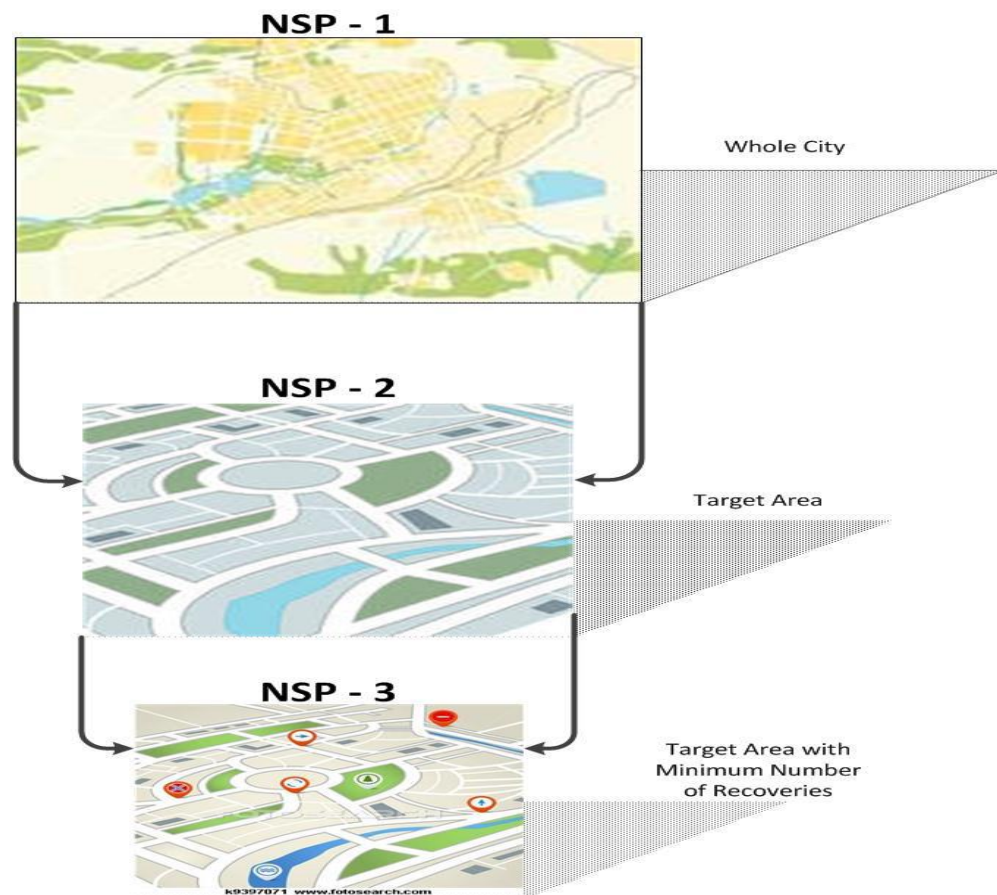
Source: Bill Mandeville, AICP, Washington Dept. of Commerce, Growth Management Services

¹³ Williamson, Oliver. *The Economics of Governance*. University of California, Berkeley, January 2005. Link: http://www.aeaweb.org/assa/2005/0107_1645_0101.pdf

TARGET SPECIFIC NEIGHBORHOODS

When HUD requested applications for additional NSP funds, it kept urging applicants to focus more and more on smaller, strategic areas.

- NSP 1 pertained to the entire CDBG entitlement area or zip code.
- NSP 2 focused on site specific projects or target areas.
- NSP 3 required applicants to pick a target area and design a response that recovered a minimal number of foreclosed housing units.



Source: Bill Mandeville, AICP, Washington Dept. of Commerce, Growth Management Services

However, foreclosure can spread from one neighborhood to other neighborhoods. “The Contagion Effect of Foreclosed Properties” is actually the name of a pivotal paper on the subject. The study looked at foreclosure and sales data for 140 zip codes in 13 states (628,000 repeat sales transactions). It found a negative effect on values of 1.3 percent within a 300-foot radius of the home (i.e., a foreclosure probably in one of the nearest two to three properties). Other studies indicate that the presence of a nearby distressed property can reduce area property values by as much as ten percent.¹⁴

¹⁴ Harding, Rosenblatt & Yao. *The Contagion Effect of Foreclosed Properties*. University of Connecticut, July 15, 2008, page 22

The table below identifies census tracts with significant increases in high foreclosure rates. Census tracts typically have a radius much larger than 300 feet. In each case, the foreclosure rate in adjacent census tracts increased as well. In some cases, they increased more. The reverse effect occurs when foreclosure rates go down.

Figure 4-4
Effect of Foreclosure Rates on Surrounding Neighborhoods

Census Tracts with Increasing Foreclosure Rates					Census Tracts with Decreasing Foreclosure Rates				
GEOID	COUNTY	2008	2010	CHANGE	GEOID	COUNTY	2008	2010	CHANGE
53053063100	Pierce	10.1	12.2	21%	53077000100	Yakima	7.9%	7.2%	-9%
53053063300	Pierce	13.2%	16.7%	26%	53077000200	Yakima	11.7%	10.7%	-8%
53053063400	Pierce	10.6%	12.9%	22%	53077000300	Yakima	6.2%	5.7%	-8%
53033029003	King	9.4%	10.5%	12%	53015000501	Cowlitz	9.1%	7.9%	-13%
53033029004	King	11.7%	14.4%	23%	53015000502	Cowlitz	13.0%	11.4%	-12%
53033029100	King	6.9%	8.9%	29%	53015005601	Cowlitz	10.4%	9.9%	-5%
53033030310	King	6.9%	8.3%	20%	53053072800	Pierce	3.1%	3.5%	13%
53033030311	King	10.5%	12.3%	18%	53053072901	Pierce	14.7%	10.1%	-31%
53033030312	King	9.0%	11.0%	22%	53053072903	Pierce	0.9%	0.0%	-100%

Source: Local Initiative Support Corporation, Foreclosure Response Project

As cities and counties plan for future land use and housing in their communities, they should consider focusing policies and programs at the neighborhood level and analyze the effects those policies may have on surrounding neighborhoods.

REALIZE REGULATIONS MAKE A DIFFERENCE

Planning and housing markets have much in common. They both look at the same piece of ground. Likewise, they have much in common when it comes to the cost of doing business.

Whenever a transaction occurs, except for very simple exchanges, there is a cost associated with creating, determining and protecting the value of that transaction and enabling the

buyer and seller to keep whatever goods or services they exchange. For instance, transaction cost pop-up when:¹⁵

- Exchanging the Right to Use Land – The cost to reach an agreement between buyers, sellers and agencies that protect vested interest in the use of the property (e.g., REALTOR®'s commission, closing fees, legal fees to draft sales agreements, covenants and restriction, etc.)
- Regulating the Use of Land – Creating land values through land use planning and development regulations. It includes the cost for collective deliberation (e.g., cost of public participation, resolution of conflict of interest in the land, cost to maintain the structure that allows collective deliberation)
- Transferring the Use of Land – These transaction costs pertain to maintaining the structure to transact the exchange of land uses. This includes the costs of collective deliberation such as planning and public participation. It includes the costs to maintain title companies, financial institutions, public records and the judicial system that protects property rights.
- Getting Permission to Use the Land – In addition to fees and permits, transaction costs include the cost to negotiate agreements. For example, it includes the costs to present the information to subdivide property. It includes the costs to acquire financing.

Transaction costs arise from a number of different activities. But when you boil them all down, at the bottom of the pot are two key variables – complexity and predictability.¹⁶ In both the public and private sector, transaction costs derive from activities that make sure you get what you purchase; in other words, predictability. Whenever transactions involve or affect multiple people, wildlife, agencies, other activities or the environment in general – then costs are derived from activities to sort it all out – in other words, the cost of complexity.

These transaction costs do not go away, they merely shift. For instance, cost associated with predictability shift between – activities to create and maintain a structured, organized environment to – to activities to fix problems, if and when they occur, both in real time or perceived problems believed likely to occur in the future.

Communities use planning and development regulations to strike a balance. When drafting regulations, they trade-off between greater certainty by the level of detail that they will require or by leaving these details for developers, buyers, sellers and residents to work out. Where they land determines the type and level of detail in their plans and development regulations.

¹⁵ Buitelaar, Edwin. *The Cost of Land Use Decisions: Applying Transaction Cost Economic to Planning and Development*, 2007, pages 48-54

¹⁶ *Ibid*, pages 30-37

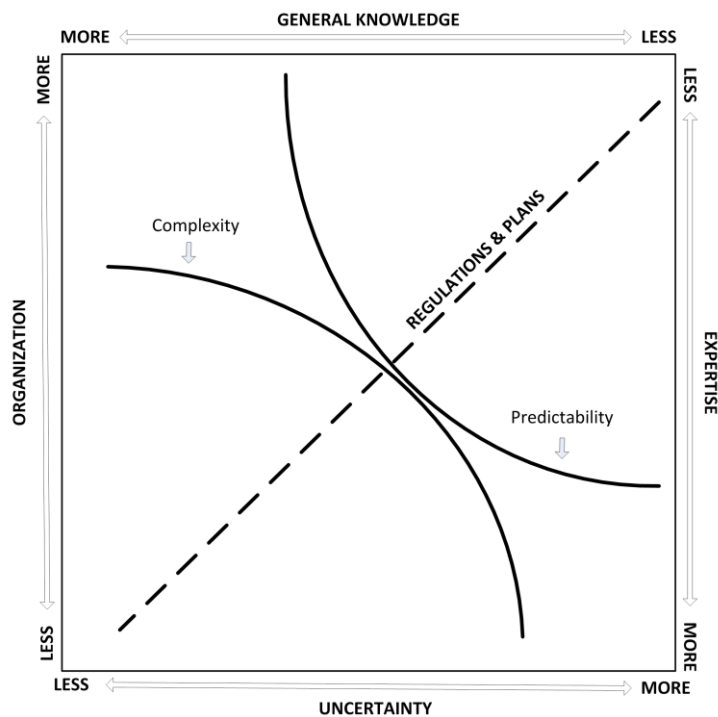
Determining Transaction Costs

Professor Edwin Buitelaar, at Netherland's Radboud University, writes about the debate between market and land use planning. His seminal book, *The Cost of Land Use Decisions*, provides a thorough overview of the transaction costs economics relative to land use decisions. He conducted a detailed analysis of land use planning practices in Holland, England and America.

Professor Buitelaar identifies five factors that seem to most influence transaction costs.¹⁷

- **Level of Accountability:** Pertains primarily to venue used to control land use transaction – for instance, regulator control through permits or judicial control through private contracts, covenants and restrictions.
- **Problem Solving:** Pertains to when to respond to problems and conflict – before they happen or after they happen.
- **Level of Negotiation:** Pertains to how many people or agencies involved in gaining permission to make the transaction.
- **Externalities:** The affects the transaction will have on others – which, in turn, depend on the proximity of nearby neighbors and wildlife.
- **Public Attitude:** Pertains to the degree to which the public wants to participate in controlling land transactions. It also pertains to who they hold accountable --- government and/or private professionals with specialized knowledge.

Figure 4-5
Transaction Cost



Source: Bill Mandeville, AICP, Washington Dept. of Commerce, Growth Management Services (based on Buitelaar's book -- *The Cost of Land Use Decisions*)

¹⁷ Ibid, page 172

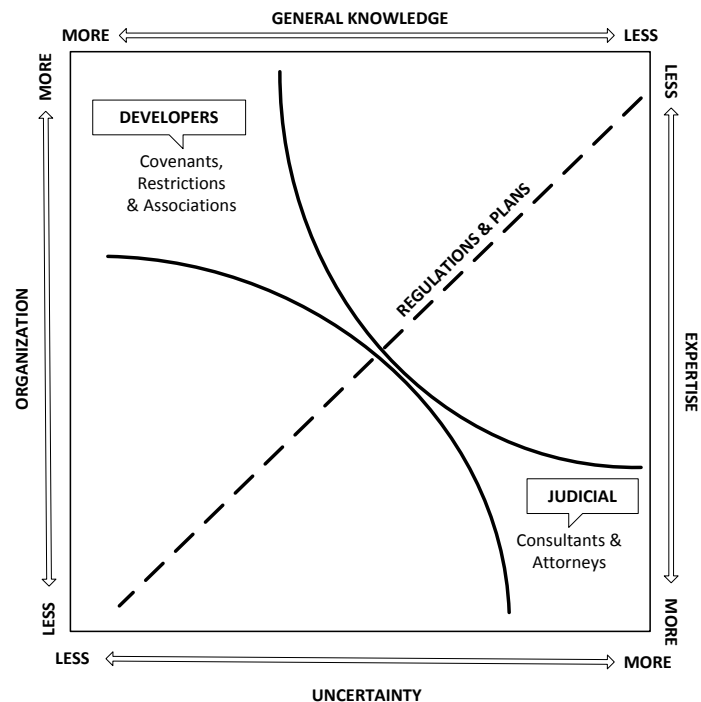
What Transaction Costs Buy¹⁸

Many contend removing regulations will reduce transaction costs and thereby stimulate development. They argue the costs of housing would depend more on just construction costs.

What this assumption ignores are the benefits associated with transaction costs. Sometimes transactions costs are high because the benefits they purchase are valuable too. These are benefits enjoyed and treasured by individuals, businesses and the community at large. For instance:

- Quality of Life has a cost
- Collaboration has a cost.
- Appreciation of land values has a cost.
- Stabilization of land values has a cost.
- Keeping housing affordable has a cost
- Controlling or influencing land values, or just what happens around the land, have a cost.

Figure 4-6
Transaction Costs Options



Source: Bill Mandeville, AICP, Washington Dept. of Commerce, Growth Management Services (based on Buitelaar's book -- *The Cost of Land Use Decisions*)

Transaction Cost Options

Government regulations are not the only way to purchase these benefits. Some of them (e.g., quality of life) are reflected in the price of housing. Some are assured through covenants and restrictions that are appurtenant to the land. Some are managed through neighborhood associations (e.g., stabilization and appreciation of land values). And some are assured through government permits (e.g., public participation).

¹⁸ Observations on the Costs of Land Use Regulations and Growth Management: Critical Perspective on a Controversial UW Study. American Planning Association - Washington Chapter, April 2008.
<http://washington-apa.org/documents/WhitePaper20080826.pdf>.

Regulations Make A Difference

No doubt -- regulations make a difference. They provide or protect a number of worthwhile benefits. At the same time, they also have a cost measured in time and money. Both these benefits and costs effect the price of housing and ability to revitalize our housing market.

Striking a balance requires cities and counties develop and recognize both public and private options regarding transactions costs. Therefore, when considering new regulations or looking at old regulations, local governments are encouraged to:

- Identify transaction costs – all of the transaction costs, both public and private.
- Develop and compare the alternatives – both public and private.
- Determine the price or cost of each alternative.
- Plug the cost of that alternative into the price of housing and consider the impacts on sellers, developers, buyers and renters.
- Pick the alternative that minimizes everybody's transaction costs – both public and private agencies as well as sellers, developers, buyers and tenants.

TRY DIFFERENT APPROACHES

Over the past twenty years, a number of different approaches developed and evolved regarding affordable housing. Even the definition evolved. Affordable housing pertains to all income groups. It pertains to a community's local economy in general. The American Planning Association offers the following definition of affordable housing.

A range of housing choices, for all income groups, that provides access to employment and vital services without creating an excessive financial burden on the household. Excessive financial burden is typically defined as costs more than 35 percent of a household's gross income.

APA Smart Growth Legislative Guidelines

Planners face a daunting task when they ask – “How do or can we impact our local housing market? They use different metrics to identify different housing needs; for example:

- Housing-Transportation Affordability Index
- Jobs-to-Housing Balance
- Affordable Housing Index
- Special Needs Housing Inventory
- Workforce Housing Index
- Affordability Gap
- Excessive Housing Cost Ratio

No one approach will work for all cities and counties. For this reason, they are encouraged to employ different approaches. The following offers some examples.

Figure 4-7
Foreclosure Response Matrix

LOW/MODERATE HOME PRICES		HIGH HOME PRICES	
High Foreclosure & Vacancy Rates	Market Conditions - Declining -- high & prolonged vacancy rates -- high number of abandoned properties -- Income / Property Value ratio less than 30% Recovery Strategy: Redevelopment -- demolish blighted structures -- grantee-driven homeownership -- redevelop properties Indicators of Success: Growth & Stability -- decrease in student mobility rates -- decrease in vacancy rates -- increase in Income/Property Value ratios NSP Response: Removal of Bligh	High Foreclosure & Vacancy Rates	Market Conditions - Excessive Housing Costs -- high serious delinquency rate -- large number of high cost mortgages -- high percentage of 2004-2007 mortgages Recovery Strategy: Affordable Housing -- grantee-driven homeownership -- buyer-driven homeownership -- lease-purchase Indicators of Success: Homeownership -- decrease number of REOs -- decrease number of foreclosure starts -- decrease delinquency rate NSP Response: Acquisition
	Market Conditions - Weak Market -- low vacancy rates -- large number of REOs -- large decrease in home prices Recovery Strategy: Preservation -- lease-purchase -- single family & multifamily rental -- mixed use developments Indicators of Success: Stability -- decrease in student mobility rates -- decrease in vacancy rates -- stabilize home prices NSP Response: Redevelopment		Market Conditions - Struggling Market -- formerly high growth area -- high percentage of 2004-2007 mortgages -- less than average decrease in home prices Recovery Strategy: Recovery -- buyer driven homeownership -- lease-purchase -- mixed-use developments Indicators of Success: Price Stability -- greater variety of housing choices -- decrease in vacancy rates -- stabilize home prices NSP Response: Downpayment Assistance
Low/Moderate Home Prices		High Home Prices	

Source: Bill Mandeville, AICP, Washington Dept. of Commerce, Growth Management Services

NSP Matrix

The NSP Matrix below evolved as Commerce worked with local governments to try to figure out ways to impact foreclosure rates. The matrix recommends a potential response relative to the housing market of a particular neighborhood. It recognizes that all neighborhoods are not the same. It suggests cities and counties look at different approaches and strategies relative to the price of housing and the risk of foreclosures.

For instance, a neighborhood with low housing prices and high vacancy rates may have a problem with blight, public nuisances and abandoned properties. Local governments with these types of problems used their NSP funds to demolish and remove these abandoned and blighted structures. In some cases, they redeveloped the property into a facility that neighborhood residents considered important (e.g., community garden in Spokane).

In other cases, a neighborhood may have high home prices and high foreclosure or vacancy rate. In these neighborhoods, NSP tried to stabilize housing prices by increasing demand for housing in that neighborhood. They finished building stalled subdivisions (e.g., Seattle) or they provided homeownership assistance (e.g., Tacoma and Federal Way).

NeighborWorks Stable Communities Initiative

NeighborWorks America received NSP funds. They developed their Stable Communities Initiative. They developed an excellent training program to implement their initiative.

NeighborWorks is one of six sponsors who created the National Community Stabilization Trust. This Trust Fund is a new national non-profit organization. It connects non-profit housing providers to investors holding foreclosed properties. They help local organizations and coalitions working to stem the decline of communities with high concentrations of vacant, abandoned or foreclosed properties.

Congress created [NEIGHBORWORKS® AMERICA](#) to give people opportunities to live in affordable homes, improve their lives and strengthen their communities. NeighborWorks® America's Stable Communities initiative is a national response to the local challenges that arise when foreclosed homes remain vacant or abandoned. They offer the following strategy:

- Build Strategic Partnerships to Inform and Implement the Work
- Understand the Foreclosure and Market Dynamics in Your Region and Neighborhoods
- Match Strategic Approaches to Neighborhood Market Types
- Engage Residents in Planning at the Neighborhood Level
- Identify Outcomes for Stabilization
- Develop Strategies at the Neighborhood Level
- Develop Funding Sources
- Measure Progress on Outcomes and Refine Strategy Accordingly

- **More Information:**

- [NEIGHBORWORKS STABLE COMMUNITIES](#)

PSRC's Site Based Affordable Housing Approach

Puget Sound Regional Council partnered with the Kirwan Institute for the Study of Race and Ethnicity in Ohio. Together they developed maps building off of the Institute's work on "Communities of Opportunity".

This process resulted in a set of opportunity indicators. These indicators represent five key elements of neighborhood opportunity. They converted data from these indicators into a comprehensive index of opportunity for all census tracts within PSRC's four counties.

Figure 4-8
Development Opportunity Index¹⁹

Education	Economic Health	Neighborhood & Housing Quality	Mobility & Transportation	Health & Environment
<ul style="list-style-type: none">• Math Test Scores• Reading Test Scores• Student Poverty• Teacher Qualifications• Graduation Rates	<ul style="list-style-type: none">• Access To Living Wage Jobs• Job Growth Trends• Unemployment Rate	<ul style="list-style-type: none">• Vacancy Rate• Foreclosure Rate• High Cost Loan Rate• Housing Stock Condition• Crime Index	<ul style="list-style-type: none">• Cost Per Community• Proximity To Express Bus Stops• Average Transit Fare Cost• Percent Of Commuters Who Walk	<ul style="list-style-type: none">• Distance To Nearest Park Of Open Space• Proximity To Toxic Waste Sites• Percent Of Area That Is Within A Food Source

PSRC's analysis of the region found that much of the HUD site-based affordable housing was located within close proximity to areas of geographic opportunities. This finding suggest a strength that the region should leverage and build upon. PSRC encourages improving the mobility of low-income residents. By targeting resources around this strength or asset, the social and economic sustainability of the region will grow stronger.

PSRC went on to recommend a "Site-Based Affordable Housing" approach. It uses their Geographic Opportunity Map to help people with housing vouchers move to areas with opportunities. PSRC uses this approach to emphasize linkages to opportunity as it plans for Sound Transit. They encourage cities to invest in the fundamentals of opportunity, which are encompassed by the opportunity indicators.

Site-Based Affordable Housing Approach:

- Develop a map using the opportunity index.
- Focus on using existing HUD site-based affordable housing stock.
- Emphasize linkages to opportunity through public transportation.

¹⁹ PSRC, Equity, Opportunity and Sustainability in the Puget Sound: A Study of the Region's Geography of Opportunity, May 2012, page 6

- Invest in the “Fundamentals of Opportunity”.

PSRC’s “Site-Based Affordable Housing” approach is similar to the asset mapping used by social service planners. Asset mapping represents a technique of mobilizing community resources to create more resilient residents with neighborhood-based organizational and problem-solving capacity. PSRC used many of the same assets. They add assets related to transportation and proximity to various public and private facilities such as parks, public transit, grocery stores, community gardens and farmer markets.

- *More Information:*
 - [PSRC’S OPPORTUNITY MAPPING](#)
 - [ASSET MAPPING INSTRUCTION GUIDE](#)

Other Approaches

Various groups around the state and nation have also developed high-level strategies regarding how to stabilize and stimulate the housing market. For instance:

**Figure 4-9
Other Housing Planning Approaches**

<p>WA REALTOR Association’s 5-Point Plan</p> <ul style="list-style-type: none"> • Do no harm to housing markets with development regulations and taxes. • Restore vitality to communities by reducing foreclosure inventory. • Foster a return of private capital to the housing market. • Allow some level of homeownership assistance. • Adopt a housing policy that builds on current policy. 	<p>National League of Cities Resilience Approach</p> <ul style="list-style-type: none"> • Diversity of housing types. • Housing choices that meet the needs of people at different stages of life • Affordable housing choices for people of different income ranges. • Solid anchor institutions such as schools, businesses and public facilities. • Access to employment.
--	--

IMPLEMENT A BROAD-BASED RECOVERY PROGRAM

All of the aforementioned approaches strive to enable cities and counties to create a broad-based recovery program for their housing market. They emphasize the two key lessons from NSP:

- Housing plans and regulations need to focus on local housing markets.
- The best way to impact local housing markets occur at the neighborhood level.

The housing elements of local comprehensive plans should include a broad-based approach for their communities to recover from the housing and foreclosure crisis. This will help it focus on both creating a prosperous housing market and creating affordable housing choices.

The following model presents such an approach. It divides the housing element into two parts. Each part has four components: Analysis, Inputs, Strategies and Outcomes.

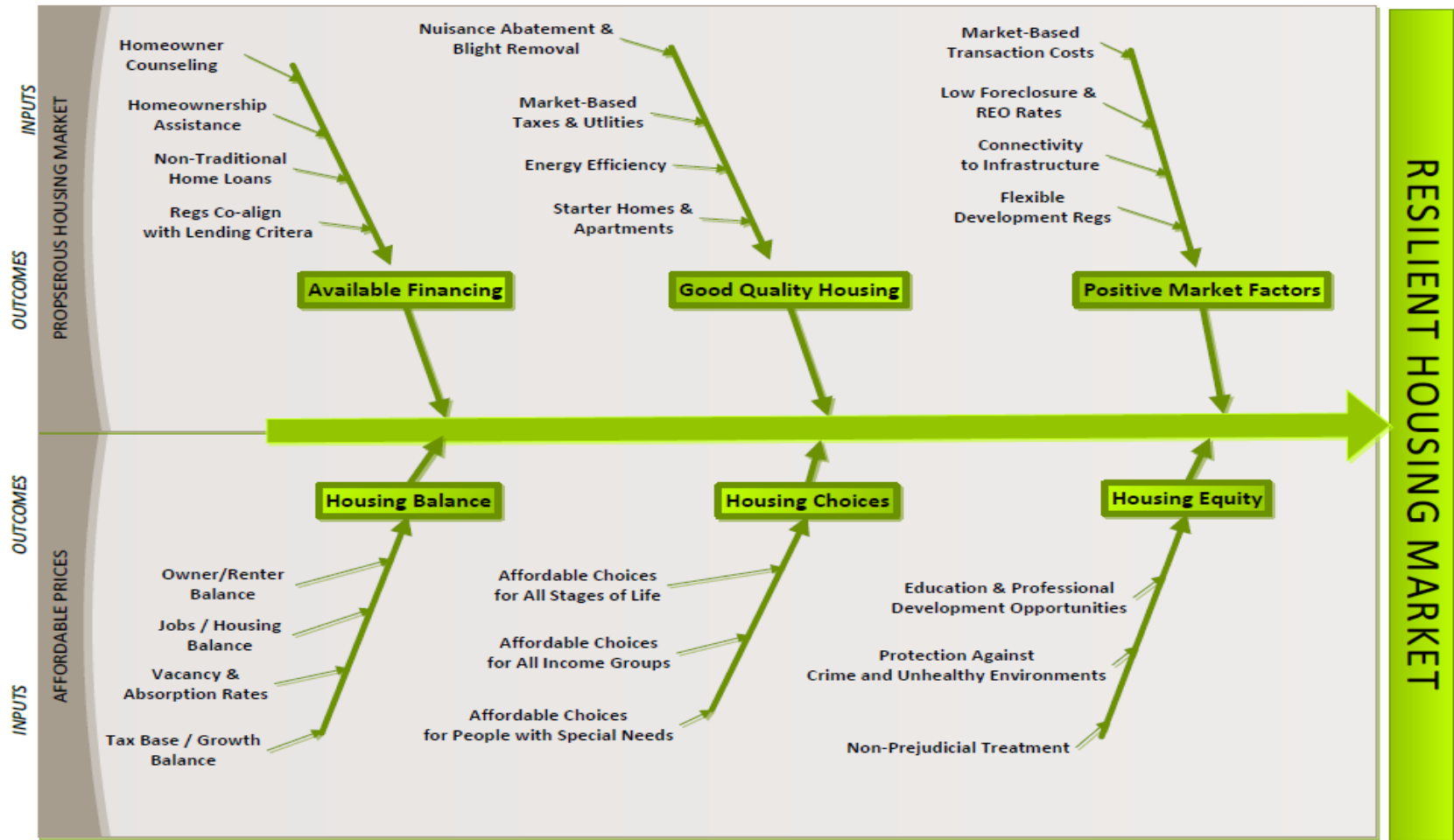
- Analysis: Pertains to taking a complex issue, such as housing, and breaking it into manageable pieces. A variety of approaches exist to address a variety of housing needs.
- Inputs: Pertains to resources that a city plans to offer or mobilize. For instance, inputs may take the form of tax credits, technical assistance or a variety of other things a city could do.
- Strategies: Describes the types of activities a city may undertake or it might include policies and regulations to guide activities. Strategies may identify the housing issues that it expects the private sector to address; or issues delegated to neighborhood associations or to civil court.
- Outcomes: Pertains to the desired results. These outcomes or impacts may vary in time and specificity. They are connected in some way to a tangible measurement. In other words, the plan will need to describe how you achieved what you set out to do.

Attached is a schematic that illustrates this broad-based approach. It includes examples of potential inputs that a housing element might propose. It attaches labels to several desired outcomes. It addresses both sides of the housing market along with a number of other factors.

The housing market portion looks at positive market factors. For instance, it identifies local access to available financing. It provides information about local lending criteria and explains how it guided their plans. It may issue policies regarding the impact of utilities on affordable housing prices and rents. It presents how to connect housing to transportation choices. The housing market portion looks at what the cities and counties can do to promote good quality housing - such as abatement of nuisances or promoting home repair and energy efficiency. It may include other factors that either directly or indirectly effect the cost of housing or a homeowner's ability to sell their property within a reasonable time.

The portion regarding affordable prices focuses on housing choices. It identifies housing needs, including metrics to determine if the plan meets those needs. It utilizes a neighborhood-based approach. For instance, it may look at a particular age cohort or income group. It may focus on an area in decline or ready to develop. It also looks at issues affecting the quality of life of residents and social equity, such as crime prevention, code enforcement, or the relationship with local schools and school districts.

Figure 4-10
Comprehensive Approach To Housing Planning



Source: Bill Mandeville, AICP, Washington Dept. of Commerce, Growth Management Services

Figure 4-10
Comprehensive Approach To Housing Planning
(Continued)

<u>PROSPEROUS HOUSING MARKET</u>	<u>AFFORDABLE PRICES</u>
Outcome: Positive Market Factors Input: Market Based Transaction Costs Input: Low Foreclosure / REO Rates Input: Connectivity to Infrastructure – particularly transportation Input: Flexible Development Regulations	Outcome: Housing Needs Input: Balance between Owners and Renters Input: Jobs to Housing Balance Input: Vacancy and Absorption Rates
Outcome: Good Quality Housing Input: Abate Public Nuisances, Input: Recover Blighted Structures and Abandoned Property Input: Promote home repairs and energy efficiency	Outcome: Housing Choices Input: Housing Choices for All Stages of Life Input: Housing Choices for All Income Groups Input: Special Needs Housing
Outcome: Available Financing Input: Homeownership Assistance Input: Match regulations to lending criteria Input: Market-Based Taxes and Utilities	Outcome: Housing Equity Input: Opportunities for educational and professional development Input: Protection against crime and unhealthy environments Input: Non-prejudicial treatment

Source: Bill Mandeville, AICP, Washington Dept. of Commerce, Growth Management Services

CHAPTER 5

HOUSING INVENTORY AND NEEDS ASSESSMENT

The next three chapters represent the framework for drafting the housing element of comprehensive plans. This chapter, *Chapter 5: Housing Inventory and Needs Assessment*, outlines how to gather the information necessary to start drafting the housing element. The next chapter, *Chapter 6: Tools and Strategies to Address Housing Problems*, will explain what to do with this information. *Chapter 7: Goals, Policies and Monitoring* will lay out some policy frameworks relative to future housing needs and plans.

Drafting a housing element starts with an analysis of existing housing. This analysis includes both gathering data and testing it to determine housing needs. The analysis attempts to answer these three questions: What is the current mix of housing within our community? What needs will future housing need to address? How can local government help assure the right mix of housing gets built to meet future needs?

The next three chapters of this guidebook provide ways to answer these three questions. Let's get started by looking at how to gather housing data and information.

WHY UPDATE THE HOUSING ELEMENT

Housing by far represents a city's biggest asset. It establishes the character of city neighborhoods. It defines quality of life. It plays an important role in both the state and local economies. It also does not develop through mere happenstance.

Washington's Growth Management Act (GMA) requires local comprehensive plan to include a "Housing Element" – and for good reasons.

Housing costs are generally the single largest household expenditure for Washington residents. The housing and foreclosure crisis demonstrated the importance of affordable

TIME SAVING TIP !

This chapter includes a number of tips that may reduce the time required to draft a housing element. It also includes dozens of links to resources available online. Links are highlighted like this sentence. The bibliography at the end of this chapter summarizes these links by heading. This chapter presents guidance regarding gathering the data necessary to prepare a housing element. Chapter 6 discusses in more detail how to use that data.

housing choices. By creating a housing market with a variety of housing choices, homebuyers and tenants can avoid using subprime mortgages to purchase a home or the burden of excessively rental prices. It provides residents the margin necessary to weather changes in the economy.

Housing represents a major source of revenue for state and local governments along with school districts. Property taxes represent more than one-third of local government's \$2.7 billion general fund revenues. Fees for water, sewer and garbage collection represent nearly half of local government's \$6 billion public utility revenues. Expenditures of this magnitude create and support tens of thousands of jobs.

A well-drafted housing element that earns the support of residents and developers is one of the most effective tools toward effecting change and preserving the existing character and vitality of a community. The Central Puget Sound Growth Management Hearings Board noted its role when they wrote:

Growth is more than simply a quantitative increase in the numbers of people living in a community and the addition of "more of the same" to the built environment. Rather, it encompasses the related and important dynamic of change. Because the characteristics of our population have changed with regard to age, ethnicity, culture, economic, physical and mental circumstances, household size and makeup, the GMA requires that housing policies and residential land use regulations must follow suit. This transformation in our society must be reflected in the plans and implementing measures adopted to manage growth and change.²⁰ [Children's I, 95-3-0011, FDO, at 9.]

GETTING STARTED

Consistent, coordinated planning lays at the heart of the Growth Management Act. Towards this end, the housing element starts based on these premises.

GMA Requirements

The housing goal described in the Growth Management Act asserts three separate but equal subparts: 1) encouraging the availability of affordable housing to all segments of the population of this state, 2) promoting a variety of residential densities and housing types, and 3) encouraging the preservation of existing neighborhoods. ([LIHI II, 1223, FDO, at 8.])

GMA does not offer any specific format for housing elements. It merely requires they contain, at a minimum, the following features:

²⁰ Central Puget Sound Growth Management Hearings Board, Digest of Decisions: 1992-2009, page 220

- An inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth.
- A statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences;
- Identification of sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities;
- Adequate provisions for existing and projected housing needs of all economic segments of the community.

Countywide Planning Policies²¹

Drafting a housing element requires collaboration between cities, counties and the state. It begins at the state level. Every ten years the [WASHINGTON STATE OFFICE OF FINANCIAL MANAGEMENT](#) (OFM) determines the percentage increase in population for each county. Their projections take into consideration three demographic components: births, age specific deaths and net migration. OFM prepares a range of possible population targets. Their population projections range from low, medium and high.

GMA recognizes counties as regional governments. It requires counties to develop countywide planning policies. These policies serve as a framework for counties and cities to use when they draft their comprehensive plans. These policies include population projections and the need for affordable housing.

County officials take OFM's population projections and select a 20-year GMA population target for each jurisdiction within their county. Local governments must assure that their planning policies and development regulations are consistent with their assigned population target.

These countywide planning policies are not a subset of comprehensive plans. They provide only a framework to city/county planning. Many counties and cities agree to more binding arrangement through inter-local agreements regarding city-county joint planning policies and development regulations.²²(Bothell, 07-3-0026c, FDO, at 29.)

²¹ See RCW 36.70A.210 and WAC 365-196-305 for GMA requirements and additional guidance.

²² Ibid, page 25

Local and Regional Plans

A number of other countywide and regional plans may shape the housing element. These plans may have different planning horizons. Nonetheless, consistency between them and the housing element remains important. Their population estimates, projected housing counts and demographic data should all say the same thing. The following are some other plans to consider when drafting the housing element.

- Homelessness Housing and Assistance Act: Each county must develop a Ten-Year Ending Homeless Plan. This plan includes provisions for homeless individuals and families, emergency shelters, transitional housing, and permanent supportive housing. These plans provide detailed information about housing needs for the very lowest economic segments of the population. They include an inventory of facilities to meet those needs.
 - *More Information:*
 - A list of local housing authorities is available at the [ASSOCIATION OF WASHINGTON HOUSING AUTHORITIES](#).
- Area Plans on Aging: The Older Americans Act (P.L. 106-510) requires a four-year “Area Plan” that addresses the needs of older adults, adults with disabilities and their caregivers. Thirteen agencies cover the state of Washington. These agencies focus on the needs of seniors, and should be able to help identify future housing needs for these groups.
 - *More Information:*

County-specific information, including copies of areawide plans, is available through the [WASHINGTON ASSOCIATION OF AREA AGENCIES ON AGING](#).
- Consolidated Plans: Each area that receives funds directly from the US Department of Housing and Urban Development (HUD) must develop a Consolidated Plan. These plans assess affordable housing and community development needs. Updates to the plan occur every three to five years. Washington has twenty-three cities and six counties that prepare Consolidated Plans. The Department of Commerce develops a plan for the balance of the state.
 - *More Information:*
 - Copies of Consolidated Plans are available on the [HUD website](#) or directly from entitlement jurisdictions -- [LIST OF ENTITLEMENT JURISDICTIONS](#)

Public Participation

Public participation is the bedrock of any planning process. The GMA requires early and continuous public participation. It requires each city or county prepare a “public participation program”. (RCW 36.70A.140) This program establishes the procedures on how to keep the public engaged in the planning process.

The *Public Participation Plan* for a housing element should follow the same procedures used with the other comprehensive plan elements. A well-drafted, public participation program becomes very important when drafting a housing element because housing represents such a large group of stakeholders.

Public involvement may take different formats. It might include focus groups on specific housing issues. Several communities host “housing summits” or an “open house” with the planning commission or a special advisory group on housing policy.

The *Public Participation Plan* must ensure many opportunities for public input. A number of cities and counties create web sites to distribute information and gather public input. These websites provide information. They include timelines and announcements. Perhaps most importantly – they provide an easy way to express opinions and share ideas.

- *More Information:*

- Municipal Research and Services Center of Washington includes a library dedicated to “[COMMUNICATION AND CITIZEN PARTICIPATION TECHNIQUES](#)”. They also offer another library entitled – [REACHING CITIZENS THROUGH TECHNOLOGY](#).
- [THURSTON REGIONAL PLANNING COUNCIL](#) uses web-based public participation in a number of their planning projects. Here is an example of one of their projects -- [CAPITAL BOULEVARD PLANNING PROJECT](#). {Note the link to provide public input at the top, right corner of their website.}

Presenting the Data

Washington cities and counties present their housing elements using all types of formats. This guidebook does not offer or suggest a standard format.

Local jurisdictions have broad discretion regarding the content of their comprehensive plans, including their housing element. Nonetheless, they still have a few boundaries. GMA requires internal consistency between elements of the comprehensive and other functional plans. Their plans and policies need to

TIME SAVING TIP !

Most local and regional plans require public participation. For instance, the “Consolidated Plan” requires public notices and public hearings. To the greatest extent possible, consolidate all these plans into one plan. This may reduce time and expense for publishing notices and preparing for public meetings.

keep in perspective countywide planning policies. Practical and legal implications require that their plans be clear and easy to understand.

The Housing Element sets the stage for good decisions. Presenting key information in a way that makes it easy to grasp plays a critical role – before, during and after the planning process. It avoids creating contentious public meetings. It reduces the amount of time required for plans to travel through the public review and approval process. A well-written and constructed Housing Element serves to validate jurisdiction’s decisions on matters that mean a great deal to most residents – their homes and the value of their properties.

The Housing Element needs to balance detail with brevity. Policy makers have little time to read lengthy reports. Too much information can muddle the consideration of key issues and policy decisions. The Housing Element does not need to address every potential question or interesting fact. It merely needs to provide enough information to for the public to understand the key issues and facts. It needs to help decision-makers make informed decisions. It needs to meets to meet GMA requirements.

A number of resources exist to help draft a succinct and successful housing element. The State of Washington adopted “Plain Talk” principles. Plain Talk refers to clear and concise communication that the public can understand and use. Many state officials report that the use of these Plain Talk principles results in fewer mistakes and fewer complaints. Plain Talk training and resources are available on line. King County along with a number of other counties, state and federal agencies offer plain-language training and advice.

- *More Information:*
 - [PLAIN LANGUAGE.GOV](http://PLAINLANGUAGE.GOV)
 - [KING COUNTY EDITORIAL STYLE MANUAL](#)
 - [EDIT CENTRAL](#)
 - [WAC 365-196-410: HOUSING ELEMENT](#)

CHARACTER AND VITALITY

Homebuyers seldom purchase a house with the notion that they will be the last occupant. Likewise, tenants rarely move into areas where the conditions around them will cause them to relocate a few months later. In both cases, buyers and tenants see the area around their home or apartment as potentially appreciating and/or improving the quality of life that an area offers.

Housing policy focuses on more than just housing production or even affordability. It focuses on building dynamic and thriving neighborhoods that attract residents and businesses. In light of the housing and foreclosure crisis, today’s housing policies need to alter what was considered as “normal”. The foreclosure crisis presents an opportunity to re-

orient housing strategies to focus also on creating or supporting neighborhoods that offer residents an attractive place to live. (See Chapter 4: Using NSP Lessons in Housing Plans)

The Growth Management Act states that the housing element ensures the vitality and character of established residential neighborhoods. Character refers to an area's unique features or qualities. Vitality refers to the long-term, contribution that housing provides to an area's overall welfare and prosperity. It pertains to the ability to find affordable housing. It also pertains to the ability to recover the investment that comes from the purchase of a home; or the ability to enjoy the values that an area offers and that tenants purchase through their rent.

The housing element balances the needs for growth versus preservation of existing neighborhoods. It presents how a city or county proposes to reconcile these sometimes contrary requirements. The housing element cannot focus on one requirement (e.g., preserving existing housing) to the exclusion of the other requirements (e.g., affordable housing). It needs to balance and perhaps reconcile these requirements.²³[*Benaroya I*, 95-3-0072c, FDO, at 21.]]

Creating these kinds of vital neighborhoods requires cooperation across the public, private, and nonprofit sectors. It requires coordination across policy silos — housing, transportation, education and employment. It requires partnerships by local governments and others in the region. All of these agencies share a mutual vision of what their community can or ought to offer.

The housing element flows from a community vision. It should contain within the first few pages a thoughtful vision statement. This vision statement will give councils, boards and commissions the strategic framework to implement housing policies and make incremental housing decisions as they arise.

Community vision statements are typically crafted through a collaborative process that involves a wide variety of community residents, stakeholders and elected officials. It often develops through the public participation process. In some cases, drafting a vision statement entails a deliberate process of its own. Luckily Washington cities and counties have a large number of excellent examples to use as a guide.

- *More Information:*

- Municipal Research and Services Center of Washington includes several sections in its library regarding community vision statements. These sections include a large assortment of examples. The following links will take you there: [CREATING A COMMUNITY VISION](#), [STRATEGIC PLANNING](#), or [CREATING A COMMUNITY MISSION STATEMENT](#).

²³ Ibid, page 35

BASIC COMPONENTS OF A HOUSING ELEMENT

The Growth Management Act requires that housing elements include an “inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth.” This requirement consists of three unique parts – (1) an inventory of existing housing characteristics, (2) an estimate of the number of housing units required in the future, and (3) an analysis of housing needs.

The housing inventory and projection obviously precede the housing analysis. It essentially determines the starting point from which the analysis of housing begins. The following sections address each of these three components.

Characteristics of Existing Housing

Housing elements typically start with a description of the existing characteristics of a community’s housing stock. This section of the housing element becomes its cornerstone. It presents what a community already possesses relative to housing. It links the housing element to other parts of the comprehensive plan as well as other functional plans such as a city’s or county’s water plan or transportation. The data and information presented in the inventory must agree with the housing and population figures presented in other elements or plans.

GMA uses the term “inventory” to describe this section. This term brings up images of lists and tables – which applies to the housing inventory. It typically includes several tables and/or graphs. The housing inventory presents information regarding a community’s existing housing stock. It establishes the existing number and use of residential properties. It includes some key information regarding the general economics of a community’s housing market.

Descriptions of existing housing characteristics consist of three components. These components could become separate sections of the housing element; or they can be combined into one section referred to generally as the “Housing Inventory”. In any case, the housing element needs to include information regarding these three components.

- **Housing Inventory:** Pertains to information regarding the land use characteristics of a community’s housing stock. It identifies the current distribution and amount of housing in each land use category.

TIME SAVING TIP !

The housing elements of some communities need only a housing profile. A housing profile essentially provides all the information they need for a housing inventory. For instance, small communities with few designated residential land uses, or communities with historically low population growth with no foreseeable change within the next few years. In these communities, they most likely will focus on just preserving their community’s character and vitality. A housing profile will provide them with all the data they need.

- **Housing Profile:** Pertains to information regarding the general characteristics of the people who live in the community's housing.
- **Housing Market Factors:** Pertains to information regarding some key economic features of a community's housing market.

Housing Inventory versus Housing Profile:²⁴

GMA asks that comprehensive plans include housing inventories in two of its mandatory elements – the land use element and the housing element. In the land use element, GMA requires information about the general distribution and extent of land uses. The land use element must include population and building densities.

In the housing element, the housing inventory dives much deeper into housing numbers. The GMA requests that the housing element include an inventory to “*identify sufficient land for housing, including government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities.* (RCW 36.70A.070(2)(c)). It must also provide information pertaining to the adequate provision for existing and projected housing needs for *all economic segments of the community.* (RCW 36.70A.070(2)(d)).

Although the statute refers to one housing inventory, the data for this inventory essentially comes from two different sources. For this reason, this guidebook makes a distinction between the housing inventory and the housing profile. In smaller jurisdictions data from these two sources are combined into one table. However, in larger jurisdictions the details are too much for one table. In any case, the housing element needs to include much more information about housing than typically found in the land use element of comprehensive plans.

For the sake of consistency and to avoid confusion with the inventory required for the land use element; this guidebook uses the term – housing inventory – to refer to data to determine the existence of “*sufficient land for housing*”. This type of data typically comes from information provided by county assessors. It tends to be the same information used to prepare the inventory in the land use element, with more detail regarding types of housing, housing values, among other housing specific data.

This guidebook uses the term – housing profile – to refer to data used to determine housing affordability. It focuses on proportions of income relative to housing costs. It also looks at the housing needs for low-income families, group homes and other special housing needs. Information presented in the housing profile typically derives using Census data.

The housing element needs to include both tables – either together or separately. In addition, it also needs to throw in some information regarding other market factors. The

²⁴ See WAC 365-196-050 for additional guidance.

following sections present the ways and means to gather this necessary and required information in more detail. Let’s get started with the data about specific land uses – the “housing inventory”.

Housing Inventory²⁵

Before planners can make recommendations to their policy makers, they need answers to these questions. How much land currently exists for residential development? How do residents use existing land use designations? Is our city or county getting developed as planned? They derive answers to these questions from the housing inventory.

The data for this information or inventory typically comes from the county assessor. Each of Washington’s 39 counties has property tax assessment rolls that list detailed information on each parcel within their county limits. The information includes designated land use zones, square footage, address of registered property owner, assessed value of both land and improvements and much more.

County assessors typically provide this information to its local jurisdictions at least annually and sometimes more frequently. The information often comes in the form of a sortable database. This enables cities to organize the data in ways that meet their planning needs. Some counties provide geographic information services that provide this data in a format that converts into maps.

Figure 5-1
Example of Housing Inventory Table
{City of Tumwater Comprehensive Plan}

Zone	Total Land Area	Developed Land	Undevelopable Land	Future Roads	Other Uses*	Net Buildable Land
R/SR	249	50	25	30	11	133
SFL	1015	538	66	65	24	295
SFM	964	677	36	40	14	179
MFH	195	127	4	10	1	50
MFH	142	78	4	10	0	51
MU	235	101	19	2	0	9**
Total	2800	1571	154	157	50	717

Source: City of Tumwater Comprehensive Plan, Table 4-1: Net Buildable Residential Land in Acres

Housing inventories typically consist of tables showing the distribution of land relative to different types of residential, land use designations. The land use element may include this information in tables that include all land uses. A few housing elements cut and paste that portion of these that pertains to housing. Most of the housing elements reference these tables in their narrative.

²⁵ See WAC 365-196-410(2)(B) for GMA requirements and additional guidance.

The tables found in most housing elements focus on this question -- how much land is available for residential development. Figure 5-1 represents a table from the City of Tumwater's Comprehensive Plan. They use a format commonly used by other cities.

As illustrated in the above table, jurisdictions subtract from the amount total land area acreage for roads and critical areas. Depending on the level of details available to them, they might use general assumptions or information that is more precise. For instance, some cities simply discount 25 percent, for example, of the total land area for streets, roads and undevelopable areas. They select a figure that appears reasonable relative to the general topography of their city. Cities with more sensitive areas may require a higher percentage.

Some housing inventories refer to "underdeveloped" or "underutilized" land. The acreage in this category refers to parcels where the value of the land is equal to or greater than the value of the improvements. It might also refer to parcels where permitted density is substantially less than the actual density. For example, one-acre parcels with a single family house in an area with a land use designation that allows four houses per acre. Conceivably three more houses could locate on this parcel. This information plays an important role regarding infill development and accessory housing.

Six of Washington's counties offer buildable lands programs. The GMA requires these counties to review and evaluate the adequacy of suitable residential, commercial and industrial lands inside the Urban Growth Area (UGA). They prepare detailed reports regarding the capacity of jurisdictions to meet projected population and employment growth during the remaining portion of the planning horizon (i.e., to 2025). They typically provide this information in downloadable, sortable formats.

These 'buildable lands report' counties provide a wealth of information regarding how to inventory and analyze land. Even jurisdictions not located within these counties can benefit looking at the information they provide and the formats that they use. The information below provides links to the buildable lands report counties.

- *More Information:*

- Buildable Lands Legislation:

- [HTTP://APPS.LEG.WA.GOV/RCW/DEFAULT.ASPX?CITE=36.70A.215](http://apps.leg.wa.gov/rcw/default.aspx?cite=36.70A.215)

- Buildable Lands Programs: [SNOHOMISH COUNTY, THURSTON COUNTY, KING COUNTY, KITSAP COUNTY, CLARK COUNTY, PIERCE COUNTY](#)

Housing Profile

A “Housing Profile” presents demographic characteristics of a community’s housing stock. These characteristics include, naming just a few, topics such as tenure (homeowners versus renters), types of housing, length of residency and comparative income levels. This information helps develop plans and policies relevant to a community’s population.

Data from the U.S. Census Bureau can provide nearly all of the information necessary to prepare a housing profile. In fact, most of the data is available in one file – *DP04: Selected Housing Characteristics*. Figure 5-2 above presents an example of the summary data available in the Census profile for the City of Ritzville.

Figure 5-2
List of Available ACS Topics

Basic (Population)

Age
Sex
Hispanic Origin
Race
Relationship

Economic (Population and Housing)

Class of Worker
Food Stamps Benefit
Health Insurance Coverage
Income
Vehicles Available
Work Status Last Year
Industry
Journey to Work
Occupation
Place of Work
Labor Force Status

Social (Population)

Ancestry

Citizenship Status
Disability
Educational Attainment
Fertility
Grandparents as Caregivers
Language Spoken at Home
Marital History
Marital Status
Period of Military Service
Place of Birth
School Enrollment
Residence 1 Year Ago
Undergraduate Field of Degree
Veteran Status
VA Service Connected
Disability Rating
Year of Entry

Financial (Housing)

Business or Medical Office on Property
Cost of Utilities

Condominium Fee
Insurance
Mobile Home Costs
Mortgage
Real Estate Taxes
Rent
Tenure
Value of Property

Physical (Housing)

Acreage
Agricultural Sales
Bedrooms
House Heating Fuel
Kitchen Facilities
Plumbing Facilities
Telephone Service Available
Rooms
Units in Structure
Vehicles Available
Year Moved Into Unit
Year Structure Built

The main search engine for Census data is the “[AMERICAN COMMUNITY SURVEY](#)” (ACS). It is an ongoing statistical survey conducted by the Census Bureau. They are compiled every one to five years, depending on the size of the community. It compiles the data annually for large cities and once every five years for cities under 20,000 people. ACS replaces “American Fact Finder” along with the decennial Census “Long Form”. The SFT-3 and STF-4 files are no longer available.

Figure 5-3
DP 4 Profile for the City of Ritzville, Year 2011

Ritzville city, Washington								
Subject			Subject			Subject		
Estimate	Percent		Estimate	Percent		Estimate	Percent	
HOUSING OCCUPANCY			HOUSING TENURE			MORTGAGE STATUS		
Total housing units	885	885	Occupied housing units	728	728	Owner-occupied units	528	528
Occupied housing units	728	82.3%	Owner-occupied	528	72.5%	Housing units with a mortgage	262	49.6%
Vacant housing units	157	17.7%	Renter-occupied	200	27.5%	Housing units without a mortgage	266	50.4%
Homeowner vacancy rate	6.4	(X)	Average household size of owner-	2.31	(X)	SELECTED MONTHLY OWNER COSTS		
Rental vacancy rate	0.0	(X)	Average household size of renter-	2.74	(X)	Housing units with a mortgage	262	262
UNITS IN STRUCTURE			YEAR HOUSEHOLDER MOVED INTO UNIT			Less than \$300	0	0.0%
Total housing units	885	885	Occupied housing units	728	728	\$300 to \$499	5	1.9%
1-unit, detached	692	78.2%	Moved in 2005 or later	304	41.8%	\$500 to \$699	45	17.2%
1-unit, attached	24	2.7%	Moved in 2000 to 2004	106	14.6%	\$700 to \$999	62	23.7%
2 units	0	0.0%	Moved in 1990 to 1999	133	18.3%	\$1,000 to \$1,499	126	48.1%
3 or 4 units	20	2.3%	Moved in 1980 to 1989	80	11.0%	\$1,500 to \$1,999	12	4.6%
5 to 9 units	7	0.8%	Moved in 1970 to 1979	51	7.0%	\$2,000 or more	12	4.6%
10 to 19 units	39	4.4%	Moved in 1969 or earlier	54	7.4%	Median (dollars)	1,042	(X)
20 or more units	28	3.2%	VEHICLES AVAILABLE			Housing units without a mortgage	266	266
Mobile home	75	8.5%	Occupied housing units	728	728	Less than \$100	0	0.0%
Boat, RV, van, etc.	0	0.0%	No vehicles available	38	5.2%	\$100 to \$199	19	7.1%
YEAR STRUCTURE BUILT			1 vehicle available	241	33.1%	\$200 to \$299	50	18.8%
Total housing units	885	885	2 vehicles available	301	41.3%	\$300 to \$399	82	30.8%
Built 2005 or later	0	0.0%	3 or more vehicles available	148	20.3%	\$400 or more	115	43.2%
Built 2000 to 2004	16	1.8%	HOUSE HEATING FUEL			Median (dollars)	379	(X)
Built 1990 to 1999	29	3.3%	Occupied housing units	728	728	SELECTED MONTHLY OWNER COSTS AS A		
Built 1980 to 1989	23	2.6%	Utility gas	456	62.6%	Housing units with a mortgage	260	260
Built 1970 to 1979	93	10.5%	Bottled, tank, or LP gas	0	0.0%	Less than 20.0 percent	112	43.1%
Built 1960 to 1969	55	6.2%	Electricity	227	31.2%	20.0 to 24.9 percent	36	13.8%
Built 1950 to 1959	199	22.5%	Fuel oil, kerosene, etc.	11	1.5%	25.0 to 29.9 percent	22	8.5%
Built 1940 to 1949	137	15.5%	Coal or coke	0	0.0%	30.0 to 34.9 percent	33	12.7%
Built 1939 or earlier	333	37.6%	Wood	3	0.4%	35.0 percent or more	57	21.9%
ROOMS			Solar energy	0	0.0%	Not computed	2	(X)
Total housing units	885	885	Other fuel	31	4.3%	Housing unit without a mortgage	264	264
1 room	13	1.5%	No fuel used	0	0.0%	Less than 10.0 percent	100	37.9%
2 rooms	15	1.7%	SELECTED CHARACTERISTICS			10.0 to 14.9 percent	67	25.4%
3 rooms	43	4.9%	Occupied housing units	728	728	15.0 to 19.9 percent	25	9.5%
4 rooms	177	20.0%	Lacking complete plumbing facilities	6	0.8%	20.0 to 24.9 percent	19	7.2%
5 rooms	132	14.9%	Lacking complete kitchen facilities	12	1.6%	25.0 to 29.9 percent	19	7.2%
6 rooms	141	15.9%	No telephone service available	25	3.4%	30.0 to 34.9 percent	22	8.3%
7 rooms	134	15.1%	OCCUPANTS PER ROOM			35.0 percent or more	12	4.5%
8 rooms	102	11.5%	Occupied housing units	728	728	Not computed	2	(X)
9 rooms or more	128	14.5%	1.00 or less	706	97.0%	GROSS RENT		
Median rooms	5.9	(X)	1.01 to 1.50	17	2.3%	Occupied units paying rent	194	194
BEDROOMS			1.51 or more	5	0.7%	Less than \$200	12	6.2%
Total housing units	885	885	VALUE			\$200 to \$299	13	6.7%
No bedroom	18	2.0%	Owner-occupied units	528	528	\$300 to \$499	43	22.2%
1 bedroom	88	9.9%	Less than \$50,000	61	11.6%	\$500 to \$749	71	36.6%
2 bedrooms	282	31.9%	\$50,000 to \$99,999	218	41.3%	\$750 to \$999	44	22.7%
3 bedrooms	276	31.2%	\$100,000 to \$149,999	149	28.2%	\$1,000 to \$1,499	6	3.1%
4 bedrooms	168	19.0%	\$150,000 to \$199,999	73	13.8%	\$1,500 or more	5	2.6%
5 or more bedrooms	53	6.0%	\$200,000 to \$299,999	18	3.4%	Median (dollars)	550	(X)
			\$300,000 to \$499,999	3	0.6%	No rent paid	6	(X)
			\$500,000 to \$999,999	3	0.6%	GROSS RENT AS A PERCENTAGE OF		
			\$1,000,000 or more	3	0.6%	Occupied units paying rent (excluding	194	194
			Median (dollars)	96,900	(X)	Less than 15.0 percent	25	12.9%
						15.0 to 19.9 percent	55	28.4%
						20.0 to 24.9 percent	16	8.2%
						25.0 to 29.9 percent	8	4.1%
						30.0 to 34.9 percent	26	13.4%
						35.0 percent or more	64	33.0%
						Not computed	6	(X)

Source: U.S. Census, American Fact Finder, DP04: Selected Housing Characteristics

Specific ACS Tables for Housing Elements

The Census Bureau makes ACS data available in PDF, Excel or text formats. Its search engine presents several hundred to thousands of tables focusing on a wide variety of subjects. An infinite number of imputations derive from these tables. Figure 5-3 below shows some of the topics addressed in the ACS database.

The following are a few specific topics to consider putting into a housing element. These topics provide information necessary for important decisions regarding affordable housing and development regulations.

Excessive Housing Costs:

Housing expenditures that exceed 30 percent of household income have historically been viewed as an indicator of a housing affordability problem. This standard originated in the United States National Housing Act of 1937 and used ever since. Housing cost that exceed 30 percent of income is considered “burden” or “excessive”.

ACS provides several tables regarding excessive housing costs. It looks at excessive housing costs for both homeowners and renters. Their computation includes:

- Owner-Occupied Costs includes: mortgage and second mortgage and/or home equity loan, real estate taxes, homeowners insurance, condo fee (if applicable), mobile home cost (if applicable) and utilities such as electricity, gas, water and sewer and other utilities as applicable.
- Renter Costs includes: Contract rent and utilities such as electricity, gas, water and sewer and other utilities as applicable.

TIME SAVING TIP !

For some cities, ACS drafts the housing profile for them. ACS provides a “Population and Housing Narrative Profile” for several cities. These profiles provide text and bar charts that highlight selected social, economic, housing and demographic estimates. The topics include households and families, disability, travel to work, income, poverty, and a wide variety of other topics drawn from the American Community Survey (ACS) Data profiles. Look for ACS tables identified by the prefix – NP.

ACS compiles these cost items into a sum total. They divide the results by monthly household income to calculate monthly owner costs as a percentage of income or and gross rent as a percentage of income.

ACS publishes tables with percentages of housing costs relative to income under several different types of headings. Most of the headings have within their titles –“...as a Percentage of Household Income.” ACS breaks down housing costs burdens relative to tenure, age of head of household, median income, race and other categories.

Overcrowding:

Many agencies monitor the number of people living in a single housing unit. This metric measures the prevalence of communicable diseases, risk of homelessness and housing. An above normal number of people per housing unit indicates a greater risk of diseases such as Meningitis, Hepatitis and Tuberculosis. It also indicates a higher probability of families or individuals who may become homeless.²⁶

Planners commonly measure overcrowding by looking at occupants-per-room or occupants-per-bedroom. ACS uses “Occupants per Room”. It represents the number of people per household divided by the number of rooms per household, including the kitchen and bathroom. Indications of overcrowding using this metric describe more overcrowded conditions than “Occupants per Bedroom”.

The “Occupants per Bedroom” metric requires imputing data from different Census tables. Consequently, it may lose some of its accuracy relative to geography compared to the data available through the ACS tables. Nonetheless, it still provides a good indication of pent-up housing demand. It may also indicate the demand for different types of housing (e.g., three bedroom and four bedroom units).

Special Needs Housing

A person with “special needs” is not synonymous with a “handicapped” person. “Special needs” includes handicapped people as well as people who do not meet the statutory definition of handicapped.²⁷ [Children’s II, 96-3-0023, FDO, at 7.]

Special needs housing includes group homes, nursing homes, assisted-care facilities, in-house care facilities or other types of social/healthcare facilities. Special needs housing includes those who are not able to live independently in traditional housing. It includes those who may not have an income sufficient to obtain housing without assistance.

GMA requires the housing element identify sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities. Much of this information is available through ACS.

The “Population and Housing Narrative Profile” available through ACS includes a summary of people with special needs. Individual tables are available regarding other special needs housing topics. The topics range from group quarters to households providing elder care. The ACS search engine provides a list of these topics. The glossary defines in detail what these different categories mean.

²⁶ HUD, “Measuring Overcrowding in Housing”, September 2007, page 7

²⁷ Central Puget Sound Growth Management Hearings Board, *Digest of Decisions: 1992-2009*, page 166

Commuting

ACS provides a great deal of information regarding how people get to work. This information falls under the ACS topic category of “Employment”. It offers a section regarding “Journey to Work”.

The “Journey to Work” includes data on where people work, how they get to work, how long it takes to get from their home to their usual workplace, when they leave home to go to their usual workplace, and carpooling. The terms commuting and journey to work are interchangeable.

ACS also provides data regarding where people work. The data breaks down place of work by “place of residence” (e.g., hometown), county of residence, within the state of residency and outside the state of residency. Different tables exist for gender, age and choice of transportation.

- *More Information:*
 - U.S. Census Bureau offers dozens of publications and videos regarding various topics. Its [ACS VIRTUAL TOUR](#) provides a tutorial. They provide the desk reference with instruction on how to use their tables and their geographic overlays: [AMERICAN FACT FINDER DEEP LINKING GUIDE](#).
 - [MEASURING OVERCROWDING IN HOUSING](#)

Market Factors

Policy makers need to understand some key economic factors when considering housing. These factors will impact or influence the decisions they make. The following are a few of the market factors a housing element might want to present.

Vacancy and Occupancy Rates:

Vacancy rates measure the number of unoccupied rental housing units; whereas, occupancy rates measure the number of vacant owner-occupied units. In both cases, the term vacancy rate is commonly used.

Several sources provide information about vacancy rates. The American Community Survey includes both vacancy and occupancy rates. Another useful source of housing market information comes from the [Washington Center for Real Estate Research](#) (WCRER). They provide a quarterly housing market snapshot. They also generate an annual report regarding Washington’s rental market.

A particular concern regarding owner-occupied housing that housing elements might want to identify is prolonged vacancy rates. A prolonged vacancy rate refers to housing units left

vacant for 90 days or more. Information regarding prolonged vacancy rates comes from data provided by the U.S. Postal Service.

HUD entered into an agreement with the United States Postal Service (USPS) to receive quarterly aggregate data on addresses identified by the USPS as having been "vacant" or "No-Stat" in the previous quarter. USPS updates the data every three months. They present it using the 2010 Census Tract geographic level. HUD makes the data available only to governmental entities and non-profit organizations registered as users. Access to the data requires registration with HUD and agreement to comply with their sublicense agreement.

- *More Information:*

- [WASHINGTON CENTER FOR REAL ESTATE RESEARCH](#) (WCRER)
- [HUD DATA SETS: VACANCY RATES](#)

Rental and Home Purchase Prices:

The price to purchase or rent a housing unit helps policy makers understand the relative demand for different types of housing. It also helps them determine the affordability of housing within their community.

Information about housing prices come from a variety of sources. The following are some common sources to use when drafting a housing element.

- [AMERICAN COMMUNITY SURVEY](#) (ACS): ACS provides several hundred tables regarding the financial characteristics of housing. These characteristics include everything from rent and home prices to value of homes and meals that are included in rental prices. The tables include median rental prices and median owner costs and fees. The information is available at the Census tract and block group level.
- [FAIR MARKET RENTS](#) (FMRs): FMRs establish the standard payment for publicly subsidized housing. The U.S. Department of Housing and Urban Development (HUD) annually provide an estimate of FMRs for 530 metropolitan areas and 2,045 nonmetropolitan counties. FMRs represent gross rent estimates plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service.
- [WASHINGTON CENTER FOR REAL ESTATE RESEARCH](#) (WCRER): WCRER provides a quarterly snapshot of the housing market throughout Washington. The data is sorted at the county level. It includes the resale of homes, new building permits, median resale prices, a housing affordability index and a first-time homebuyer index.
- [HOUSING AFFORDABILITY DATA SYSTEM](#) (HADS): HADS measures the affordability of housing units and housing cost burdens. The information compares the cost of

housing to median incomes, poverty level incomes and Fair Market Rents. It incorporates over 20 years of historical data. The data is derived from the American Housing Survey. HUD updates the data once every two years.

When presenting information about housing and rental prices, jurisdictions need to maintain a regional or countywide perspective. The distribution of population and, subsequently, affordable housing is an issue addressed in a regional context.

GMA requires counties to adopt countywide planning policies regarding the need and distribution of affordable housing (RCW 36.70A.210(3)(e)). In turn, cities must be consistent with countywide planning policies (RCW 36.70A.100). Although local comparisons might help develop local policies, policy makers must understand the regional context of their county's population and housing needs.

- More Information:
 - [WASHINGTON CENTER FOR REAL ESTATE RESEARCH \(WCRER\)](#)
 - [HUD DATA SETS: REFERENCE GUIDE](#)

Absorption Rates

Absorption rate pertains to the average length of time needed to sell a home or rent a housing unit. This information measures the need for more or less housing. It measures the need for public subsidies and financial assistance.

Although the term – absorption rate – refers to how long it takes for the housing market to “absorb” vacant housing units; it also refers to how much money the vacant housing unit will absorb from the buyer or landlord. The buyer or landlord must continue to pay the housing unit's costs (e.g., mortgage payments, taxes, insurance and utilities) while it sits empty. The time required to transact the sale of a home, the issuance of a building permit or the approval of subdivision plats add to the cost they incur.

The absorption rate does not take into account the length of time required for government approval of permits or the time necessary to close financial assistance. If these factors were added, then it increases the absorption rate, particularly the rate by which the vacant units are absorbing the seller's or landlord's cash reserves. Ways and means to reduce these transaction costs will be addressed in *Chapter 6: Tools and Strategies to Address Housing Problems*. It includes a section, *Regulations Make A Difference*, which discusses streamlining application and review processes.

Absorption rates exist for both rental and owner-occupied housing. Both rates indicate the average number of months to either sell or rent a housing unit. However, the absorption rate for rental property pertains only to new units in apartments of five units or more. The

absorption rate for owner-occupied housing includes both new and previously-owned, single-family units.

The Census [**BUREAU'S SURVEY OF MARKET ABSORPTION OF APARTMENTS \(SOMA\)**](#) provides a rate for rental apartments. SOMA measures how soon privately financed, nonsubsidized, unfurnished units in buildings with five or more units were rented or sold (absorbed) after completion.

In addition, SOMA collects data on characteristics of new rental units put on the market. Their data includes information about the number of bedrooms, asking rent, and asking price. Their reports include both detailed and summarized characteristics of apartments completed and rented.

The absorption rate for owner-occupied units comes from dividing the total number of available homes by the average number of sales per month. The resulting figure shows how many months it will take to exhaust the supply of homes on the market. This information is typically available through REALTOR® associations or multiple listing services.

The absorption rate for owner-occupied housing defines whether a particular market is a seller's market, a buyer's market, or a transitional market.

- A transitional market is defined as an absorption rate between 5 and 7 months. Transitional markets, also called balanced markets, are housing markets where supply nor demand are in excess.
- A seller's market suggests that homes are more in demand allowing sellers to command a greater price for their real estate. An absorption rate of 5 months or below is a seller's market.
- A buyer's market is defined as an absorption rate greater than seven months and means a bountiful supply of homes on the market and not much activity to consume these homes. The further the value gets from seven months, the stronger the buyer's market and the more likely deflation of housing values.

Absorption rates are required from appraisers for all government related loans. Fannie Mae and Freddie Mac both require that appraisers calculate absorption rates for their comparable homes, current housing inventory and the surrounding area. The assumption is that tracking the variability of these three measures across time periods provides information regarding the general direction of home values. For this reason, it likewise serves as a housing market indicator used in drafting housing elements.

- *More Information:*
 - [**SURVEY OF MARKET ABSORPTION OF APARTMENTS \(SOMA\)**](#)
 - [**NORTHWEST MULTIPLE LISTING SERVICE: MARKETING STATISTICS**](#)
 - [**WASHINGTON CENTER FOR REAL ESTATE RESEARCH \(WCRER\)**](#)

Foreclosure Rates

Foreclosures, mortgage delinquencies, and defaults refer to different levels of financial distress. A foreclosure is the final point of financial distress for homeowners who pay a mortgage. It occurs when a property owner has not paid the mortgage for a long enough periods that a lender or loan servicer gains the right to unilaterally seize the property despite protest from the previous homeowner.

FORECLOSURE-RESPONSE.ORG is an online guide to foreclosure prevention and neighborhood stabilization. The site includes data about foreclosures, home loans and prolonged vacancies. It offers tools to create customized data reports and maps. Indicator-data available through Foreclosure-Response.org includes:

- **Foreclosure Risk:** The density of high-cost purchase loans in an area can be used as a close proxy for the density of foreclosures. This indicator set includes the rate of total and non-owner-occupant mortgage loans with high costs from 2004 to 2006. These high-cost loans have higher interest rates and are more likely to be at risk of foreclosure than loans with lower interest rates. Indicators of high-cost refinancing are also included.
- **Housing Market Strength:** FORECLOSURE-RESPONSE.ORG includes indicators of both the volume and median loan amount from 2009 (the most recent year available) to give a sense of the demand for housing in a given area. Go to the HMDA Housing Market Conditions maps.

Foreclosure-Response.org serves as a portal to two other databases.

- **LOCAL INITIATIVES SUPPORT CORPORATION (LISC):** To help states and communities make informed decisions about how to allocate and spend their resources for foreclosure prevention and neighborhood stabilization, the [Local Initiatives Support Corporation](http://LocalInitiativesSupportCorporation.org) (LISC) has developed datasets with foreclosure "risk scores" at the ZIP Code level within each state and within each metropolitan area. These scores incorporate measures of subprime lending, foreclosures, delinquency, and vacancies.
- **HMDA HIGH-COST LOANS:** The Home Mortgage Disclosure Act (HMDA) requires most lending institutions to report mortgage loan applications, including the outcome of the application, information about the loan, and location of the property. The Federal Financial Institutions Examination Council (FFIEC) collects this data in order to determine whether financial institutions are meeting a community's housing credit needs; to target community development funds to attract private investment; and to identify possible discriminatory lending patterns.

Foreclosures impact a community in a number of ways. It results in an unstable community and neighborhood disorganization. The financial impacts of foreclosure spread to adjacent

properties. It contributes to the deflation of home values. For these reasons, an analysis of foreclosure rates belongs in the housing element.

- *More Information:*

- FORECLOSURE-RESPONSE.ORG
- [LOCAL INITIATIVES SUPPORT CORPORATION](http://LOCALINITIATIVESUPPORTCORPORATION)
- [HMDA HIGH-COST LOANS](http://HMDAHIGH-COSTLOANS)

HELPFUL NOTE

HMDA along with other data sources break its data down to the census tract level; however, it requires understanding “STFID” numbers. This example shows how to interpret them. STFID Numbers# 53011041322 represents Census Tract No. 413.22, an area within the City of Vancouver. It breaks down as follows:

S	S	C	C	C	T	T	T	T	T	T
5	3	0	1	1	0	4	1	3	2	2

SS = State (53 = Washington)

CCC = County (011 = Clark Co.)

TTTTT = Census Tract (a period separates the last two figures)

Projecting Future Housing Needs

One of the main purposes of the housing element is to plan for future housing growth. The housing element needs a section that discusses its future housing needs to serve as a housing target. .

This section of the housing element compares a community’s existing capacity to its ability to accommodate housing growth. At the very least, it needs to compare its historical growth rate to the housing targets established by countywide planning policies. Any shortage of capacity relative to meeting these targets become the focus of the housing element and subsequent housing. (see next chapter)

Cities and counties use a number of different approaches to estimate their future housing growth needs. In nearly all cases, their approach includes looking at their historical growth.

Washington’s [OFFICE OF FINANCIAL MANAGEMENT](#) (OFM) provides historical population and housing data. They update their data each year using data provided to them by cities and counties. Their figures are the “official” population estimate because the State of Washington Department of Revenue uses them to distribute state-shared revenues. OFM’s housing estimates are included with its population estimate.

OFM breaks down their population and housing estimates into a variety of formats. They present most to all of their data in downloadable formats. Two of these formats are particularly noteworthy.

- **SMALL AREA ESTIMATES PROGRAM (SAEP):** SAEP estimates provide a consistent set of small area population and housing data for statewide applications. The areas include school districts, tribal areas, incorporated and unincorporated areas, and zip code areas. They include GIS overlay layers for mapping purposes.
- **SPECIAL AREAS:** OFM produces annual population estimates for ‘special areas’ required by statute. Special areas include highway urban areas, public transportation benefit areas, and the thermal electric generating facility area.

TIME SAVING TIP !

Don't reinvent the wheel!

Councils of government, local transportation planning organizations, school districts may already prepare population and housing projections on a regular basis. Other functional plans (e.g., water and transportation plans) likewise includes this information. Sharing the data is one way to help assure consistency.

Once a city or county establishes its historical growth trends, they can then begin plugging into these trends some assumptions regarding the future. The following highlights some basic assumptions.

- **Pipeline Projects:** Pipeline projects refer to future housing projects under development. For instance, they include subdivisions with pending or approved plat applications. They add this information to their historical growth trends to create a formula that looks like this:

$$\text{Historical Growth} + \text{Pipeline Projects} = \text{Projected Growth}$$

- **Annexations:** Annexations refer to previously unincorporated areas that a city plans to include within its boundaries. Annexations will change a city's housing count. It also changes a city's capacity to accommodate future growth. Their housing projection formula expands to look like this:

$$\text{Historical Growth} + \text{Pipeline Projects} + \text{Annexations} = \text{Projected Growth}$$

- **Smaller Geographic Areas:** Looking at housing at the neighborhood level presents the best opportunities for cities and counties to make an impact on their local housing markets. Housing projections for smaller areas typically include various assumptions regarding the future demographic characteristics of an area; for instance, the predicted size of future households. Their projection formula might look something like this:

$$\text{Population Growth} / \text{Size of Household} = \text{Projected Housing Growth}$$

Housing projections let local governments know how well prepared they are to accommodate growth or potential transitional changes in local housing markets. Jurisdictions compare these projections to the population and housing targets established through countywide planning policies. In some cases, they compare them to other anticipated needs; for example, the housing needed to accommodate the location of new, major employer.

Cities and counties use a variety of different approaches and techniques to estimate their future population growth and housing units. They use these figures in a number of functional plans such as transportation, park and water plans. The most important feature of the population projections in all these plans is – consistency. They should reach basically the same conclusion relative to future population and housing.

In any event, at some point the housing element will need to compare its projection of future population and housing growth to their community’s existing capacity to accommodate that growth. They need to compare these projections to the available land identified in their housing inventory (or land use element). Figure 5-4 below provides an example of a table found in many housing elements.

Figure 5-4
City of North Bend’s Housing Assessment

Residential Capacity in Relation to Target					
Net New Units: 1993-2005	20 Year Housing Target	Percent Achieved	Remaining Target	Current Capacity (units)	Surplus or (Deficit) in Relation to Target
892	1,527	58%	635	1,598	963

Source: City of North Bend Comprehensive Plan, Table H.4.B: Residential Capacity to Growth Targets - 2006

Jurisdictions may want to draw similar conclusions for smaller geographic areas. This information helps assure consistency in a number of other functional plans. For instance, transportation plans typically include “transportation analysis zones” (TAZ). A TAZ represents a smaller geographic area and includes various assumptions regarding that area’s growth. These projections should be consistent with the housing element.

Many school districts depend on projections for smaller geographic areas to estimate and plan for individual school attendance areas. Many jurisdictions include their school district’s capital facilities plan into capital facilities element of their comprehensive plan. Local jurisdictions review and approve the impact fees that a school district might request. In short, local governments and school districts need to collaborate and share their information.

- *More Information:*
 - [OFFICE OF FINANCIAL MANAGEMENT](#)
 - [OSPI K-12 DATA AND REPORTS](#)
 - [EXAMPLES OF HOUSING ELEMENTS WITH PROJECTIONS](#)
 - [CITY OF MARYSVILLE, SECTION 5-16: FUTURE NEEDS](#)
 - [CITY OF AUBURN, CHAPTER 4: HOUSING ELEMENT](#)
 - [CITY OF RICHLAND, CHAPTER: HOUSING ELEMENT](#)
 - [CITY OF VANCOUVER, CHAPTER 3: HOUSING](#)
 - [CITY OF TUMWATER, CHAPTER 6: HOUSING PLAN](#)

HOUSING NEEDS ASSESSMENT

This section of the Housing Element identifies the characteristics of existing housing. It focuses on analyzing that information. This analysis identifies the community’s specific housing needs.

Communities use a number of techniques to analyze their housing statistics. These techniques serve as analytical tools. They test the data to see how it compares to norms. In some cases, an indicator may pop-up indicating a particular housing need or problem. These housing needs or problems become the subject or focus of the community’s housing policies and development regulations.

The following are some analytical tools to consider using. Each of these tools could easily become the subject of a separate guidebook. This guidebook will provide just a snapshot of the tool. It will introduce the tool and briefly explain how it works. It will describe the “test results” the tool will generate. The end of each section provides links to “*More Information.*” This links contain resources that explain the tool in detail.

Housing Affordability Indexes

Housing Affordability Indexes measure the difference between median household incomes and median housing prices. Affordable housing means households, within any income group throughout the region, can find housing with a sales price or rental amount that they can manage to pay. It refers to the availability of housing. The following are the common definitions of affordable housing.

- In the case of dwelling units for sale, housing that is affordable have mortgages, amortization, taxes, insurance and condominium or association fees, if any, that consume no more than thirty (30) percent of the owner's gross annual household income.

- In the case of dwelling units for rent, housing that is affordable have rent and utility costs, as defined by the jurisdiction, that cost no more than thirty (30) percent of the tenant's gross annual household income.

Several different index exist that measure affordability. The following are some the more commonly used ways to measure affordability.

- Affordable Housing Gap: Refers to the difference between 30 percent of the median household income and the median sales price of a home. A negative number indicates a general shortage of affordable housing. Different housing affordable gaps are typically computed for households that earn 120%, 80% and 50% of median income.
- Housing Cost Burden: The extent to which gross housing costs exceed 30 percent of gross income. Separate indexes measure owner-occupied and rental housing costs. The index represents the percentage of households that pay more than 30 percent of their income for housing. Housing cost for homeowners include mortgage, insurance, taxes and utilities. Rental costs include rent and utilities.
- Affordable Housing Index: Measure whether a typical (median) family can qualify for a conventional mortgage to purchase a typical home or median sales price. The calculation assumes a down payment of 20 percent of the home price. It assumes that monthly principal and interest will exceed 25 percent of gross, family income. An index of 100 indicates the families that earn the median household income can qualify for a conventional mortgage to purchase housing at the median sales price. Higher index numbers indicate more choices of affordable housing in the area.
- First-time Homebuyer Index: Measures the ability of a first-time homebuyer to purchase a home at the median sales price. It assumes a five percent down payment, less expensive at 85 percent of the median sales price and 80 percent of the median family income. Given the low thresholds used to calculate this index, this index is considered the fundamental measurement for affordable home prices.

Jobs-To-Housing Balance

Jobs-to-Housing Balance refers to the approximate distribution of employment opportunities and workforce housing across a geographic area. It is a planning tool to promote some very general ideas regarding land use planning. Namely, it promotes the notion that jobs and housing should coexist in relatively close proximity.

Jobs-housing ratios illustrate the relationship between where people work and where they live. The jobs side of the ratio counts the number of people or jobs in a community. The housing side counts number of households in that community. These counts create the following measurements.

- Jobs-Household Ratio: The most commonly used ratio. It measures the balance between the total job count and the total number of occupied housing units.

- *Jobs-Housing Unit Ratio*: This ratio is similar to the jobs-household ratio; however, it includes both vacant and occupied housing. In some cases, planners plug into the calculation housing units that are still in the development pipeline. They consider this ratio as more prospective and the jobs-household ratio as more perspective.
- *Jobs-Employed Residents Ratio*: This ratio uses the number of employed residents instead of housing units or households in the denominator of the ratio. It attempts to portray a sense of parity between resident and non-resident workforces. Some consider it a more accurate housing need indicator, particularly if more people work in a community than provided by the resident labor force.

The data to create a jobs-to-housing ratio comes from a variety of sources. Data for housing counts typically comes from Census data. This data enables analysis at the census tract level. Data for the jobs becomes more challenging, particularly employment data at the census tract level. The following sources provide some economic data on a smaller scale than typically found.

- U.S. Bureau of the Census, [BUSINESS AND INDUSTRY](#): Every 5 years (years ending in “2” and “7”) the Economic Census collects business statistics. The Economic Census uses the same geography as the Decennial Census. It provides information on industry revenues and other measures of American business. It provides perhaps the best source of information for small towns.
- Washington State Employment Security Department, [REPORTS, DATA AND TOOLS](#), provides detailed employment at the county level. It also includes data for some metropolitan areas.
- U.S. Department of Labor, Bureau of Labor Statistics, [LOCAL AREA UNEMPLOYMENT Statistics](#): The **Local Area Unemployment Statistics (LAUS)** program produces monthly and annual employment, unemployment, and labor force data using Census regions and divisions. It provides information for states, counties, metropolitan areas and many cities. (Note: LAU numbers are similar to the STFID numbers.)

What to do with jobs-to-housing balance ratios becomes the subject of much debate.

Chapter 6: Tools and Strategies to Address Housing Problems will discuss how to use the jobs-to-housing index in more detail.

- *More Information:*

- [CALIFORNIA PLANNING ROUNDTABLE: DECONSTRUCTION JOBS-HOUSING BALANCE](#)
- [APA JOBS-HOUSING BALANCE](#)

Housing-Transportation Affordability Index

The traditional measure of affordability recommends housing cost no more than 30 percent of income. It is a standard used for nearly eighty years. The past twenty years ushered in less stringent standards – particularly among renters. For instance, the standards used to qualify for rental housing often depends more on credit rating than income. Furthermore,

many households appear to prefer devoting larger shares of their incomes to larger homes and/or locations with more amenities – such as public transit or closer to work.

The Housing-Transportation (H-T) index offers an expanded view of affordability. The H-T Index combines the 30 percent standard for housing affordability with the standard for transportation costs. Unfortunately, the standard for transportation costs keeps going up. In Year 2000 the price of gasoline was \$1.45 per gallon and the average household spent 10 percent of their income on transportation cost. In 2006 the price of gasoline rose to \$3 per gallon and the average household spent 15 percent on transportation. As of the end of 2012, the H-T Index continues to use this average to suggest a combined housing-transportation standard of 45 percent of income.

The H-T Index combines housing and transportation costs to create a common index.

$$\text{H-T Affordability Index} = (\text{Housing Costs} + \text{Transportation Costs}) / \text{Income}$$

The data for housing and income are derived from the Census. The gathering data for transportation costs becomes more challenging. Fortunately the Center for Neighborhood Technology offers an H-T Index calculator for most of Washington's cities. Their H-T Index represents the percentage of the median household income spent on housing and housing plus transportation. The difference between these percentages represents the cost spent on transportation.

- *More Information:*
 - [CENTER FOR NEIGHBORHOOD TECHNOLOGY H-T INDEX](#)
 - [FEDERAL HIGHWAY ADMINISTRATION: NATIONAL H-T AFFORDABILITY INDEX](#)

Special Housing Needs

GMA requires housing elements identify sufficient land for, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities. This portion of the housing element refers to people with special housing needs.

A great deal of information exist regarding these special needs populations. Some of these sources were already addressed in previous sections. Most all of the information comes from the Census. The American Community Survey and the American Housing Survey are frequently cited sources.

The federal Department of Housing and Urban Development (HUD) provides tomes of data and resources regarding housing for people with special needs. Most of this information is available through HUD's USER.

HUD-USE provides access to original data sets generated by the American Housing Survey and HUD median family income limits. It includes microdata from research initiatives on topics such as housing discrimination, HUD-insured multifamily housing stock, and the public housing population. The following are just a few HUD resources that pertain to several of the above special housing need topics.

- **ASSISTED HOUSING: NATIONAL AND LOCAL:** HUD provides a search engine that provides statistics about publicly-assisted at the census tract level. HUD offers the data in a downloadable format.
- **COMPREHENSIVE HOUSING AFFORDABILITY STRATEGY:** HUD periodically receives "custom tabulations" of Census data from the U.S. Census Bureau that are largely not available through standard Census products. They refer to this information as "CHAS" data (Comprehensive Housing Affordability Strategy). CHAS focuses on the extent of housing problems and housing needs, particularly for low income households. Government agencies use CHAS data to plan how to spend HUD funds.
- **HUD PROVIDED LOCAL LEVEL DATA:** HUD prepares data files at all county, place and census tract levels. They offer the information in a downloadable format. It includes data regarding foreclosures, middle/low/moderate income eligibility, unemployment rates and USPS residential vacancy rates.
- **HUD-USER REFERENCE TABLE:** HUD provides an interactive guide to help locate data. They rank the data relative to its relevance on ten different categories that range from housing markets to economic conditions.

TIME SAVING TIP !

Jurisdictions that receive HUD funding, or who are located in counties that receive HUD funds, prepare Consolidated Plans. These plans provide detailed analysis of people with special housing needs. It projects both the housing and public facility needs to accommodate these populations. These Consolidated Plans can serve as a functional plan just like transportation, park and water plans. Other social service agencies (e.g., senior centers or public housing authorities) may have comparable plans.

Summarizing or referencing these plans in the housing element may save time.

PSRC'S SITE BASED AFFORDABLE HOUSING APPROACH

Puget Sound Regional Council partnered with the Kirwan Institute for the Study of Race and Ethnicity to create opportunity indicators. These indicators represent five key elements of neighborhood opportunity. They converted data from these indicators into a comprehensive index of opportunity for all census tracts within PSRC's four counties.

PSRC's "opportunity maps" assess the conditions at the census tract level. The indicators are defined by broad categories like education, economy, transportation, housing, environment and health. They combine the indicators to create an overall "opportunity score." These opportunities are sorted relative to their access to the general public.

PSRC contends that targeting resources, programing and partnerships around these opportunities or asset will result in the social and economic sustainability of the region to grow stronger. PSRC uses this approach to emphasize linkages to opportunity as it plans for Sound Transit.

Figure 5-5
Indicators of Opportunity in Central Puget Sound²⁸

Education	Economic Health	Housing & Neighborhood Quality	Mobility & Transportation	Health & Environmental
Reading Test Scores (4 th Grade)	Access To Living Wage Jobs	Housing Vacancy Rates	Transportation Cost, Cost Per Commute	Distance To Nearest Park Or Open Space
Math Test Scores (4 th Grade)	Job Growth Trends % Changes In Jobs From 2000 To 2010	Housing Stock Condition	Transit Access, Proximity To Express Bus Stops	Toxic Waste, Proximity To Toxic Waste Release
Student Poverty	Unemployment Rate	Foreclosure Rate	Average Transit Fare Costs	Access To Health Food, % Of Tract In Food Desert
Teacher Qualifications		High Cost Loan Rate	Walkability, % Of Commutes By Walking	
Graduation Rate		Crime Index		

Figure 5-5 above illustrates PSRC’s indicators of opportunity. PSRC provides downloadable information and data through its website. They encourage cities to invest in the fundamentals of opportunity, which are encompassed by the opportunity indicators.

- *More Information:*
 - [PSRC’s STUDY OF REGION’S GEOGRAPHY OF OPPORTUNITY](#)

²⁸ PSRC, Equity, Opportunity and Sustainability in the Puget Sound: A Study of the Region’s Geography of Opportunity, May 2012, page 13-14

CHAPTER 6

TOOLS AND STRATEGIES TO ADDRESS HOUSING PROBLEMS

Chapter 5: Housing Inventory and Needs Assessment - outlines how to gather information. Chapter 6, explains what that information means and what to do about it.

This chapter does not even pretend to cover all the various ways and means to analyze housing data; nor does it list all of the potential responses. This chapter just touches the surface. It primarily offers some ideas on how to get started.

Chapter 5 presented several ways to test data from the housing inventory and profile. In some cases, housing issues and problems become immediately apparent from the data. In other cases, the data may require a little more analysis.

This chapter, Chapter 6, will explain how to interpret some, but not all, of the data. It will suggest some potential ramifications and responses. Chapter 6 generally follows the same topic outline used in Chapter 5. It will consist of the following sections:

- Growth Related Strategies: This section will focus on problems derived from data in the housing inventory. It lists several strategies relative to “buildout capacity.”
- Housing Market Strategies: This section focuses on problems indicated by various market factors. It offers some suggestions on ways cities can impact their local housing market.
- Affordable Housing Strategies: This section presents several land use strategies to promote affordable housing.
- Specific Housing Issues and Strategies: This section focuses on how to use the information from the “tests” described in Chapter 5.

Each section has links to additional information. Please follow these links to learn more about the topics presented in this chapter. *These links appear in a different font like this.*

GROWTH RELATED STRATEGIES

The “Housing Inventory” presents information about land use characteristics. It identifies the current distribution and amount of housing in each land use category. It should contain a table that compares the total land area by designated land use or zone to the amount of land developed, undeveloped, vacant and underdeveloped.

This table or information lets the community meet its Growth Management Act (GMA) requirement to identify sufficient land for housing.²⁹ It answers this question – Does my community have enough residential land to house its projected population over the next twenty years? The answer to this lays in determining a community’s “Buildout Capacity.”

Buildout Capacity

“Buildout Capacity” refers to an estimate of the amount of potential development within a given area. It uses assumptions regarding population growth and certain characteristics of land (e.g., hazardous and/or critical areas) and compares them to the planned density of available land. The amount of “buildable” land multiplied by designated densities provides a general measure of a community’s capacity to house its future population.

Nearly half of Washington’s cities lay within counties that generate periodic “Buildable Land Reports.” The Growth Management Act (GMA) requires six western Washington counties (Clark, King, Kitsap, Pierce, Snohomish and Thurston) to establish an evaluation program that monitors residential, commercial and industrial development.³⁰ They write reports about the buildout capacity of the cities within its jurisdiction. These six counties contain more than 100 of Washington’s cities.

Figure 6-1 below represents the type of information available through Snohomish County’s “2012 Buildable Lands Report.” Reports from the five other counties contain similar tables. This particular table pertains to the City of Monroe. It compares Monroe’s buildout capacity to its population target in the 2025 *Countywide Planning Policy* (CPP 2025). The City of Monroe has an assigned target population of 20,540 people for Year 2025. In year 2011 Monroe’s population was 17,237 people. Its projected capacity for an additional 2,400 people enables it to grow into a community of 19,637 people, which are 903 people less than its assigned target population.

²⁹ RCW 36.70A.070(2)(c)

³⁰ RCW 36.70A.215

Figure 6-1
Example of Buildable Lands Report Information

Snohomish County Tomorrow 2012 Buildable Lands Report - February 14, 2013 PAC FINAL DRAFT

Comparison of 2025 Population Targets with Total Population Capacity Estimates (DRAFT)					
Area	2011 Estimated Population (using Apr 1/02 city bdys)	CPP 2025 Population Targets	DRAFT 2012 BLR: 2011-2025 Addtl Pop Cap (using Apr 1/02 city bdys)	DRAFT 2012 BLR: Total Pop Capacity (using Apr 1/02 city bdys)	DIFF: Total Pop Cap minus 2025 Pop Target
Non-S.W. County UGA	161,288	226,794	70,063	231,351	4,557
Arlington UGA	18,489	27,000	6,978	25,467	(1,533)
Arlington City	16,620	18,150	2,345	18,965	815
Unincorporated	1,870	8,850	4,633	6,503	(2,347)
Darrington UGA	1,420	2,125	920	2,340	215
Darrington Town	1,345	1,910	335	1,680	(230)
Unincorporated	75	215	585	660	445
Gold Bar UGA	2,909	3,500	424	3,333	(167)
Gold Bar City	2,060	2,497	346	2,406	(91)
Unincorporated	849	1,003	78	927	(77)
Granite Falls UGA	3,517	6,970	5,134	8,651	1,681
Granite Falls City	3,317	4,770	2,215	5,532	762
Unincorporated	200	2,200	2,919	3,119	919
Index UGA (incorporated)	180	190	38	218	28
Lake Stevens UGA	33,218	46,125	13,416	46,634	509
Lake Stevens City	7,644	8,360	1,133	8,777	417
Unincorporated	25,574	37,765	12,283	37,857	92
Marysville UGA	60,869	79,800	23,960	84,829	5,029
Marysville City	32,418	36,737	6,209	38,627	1,890
Unincorporated	28,451	43,063	17,751	46,202	3,139
Monroe UGA	18,806	26,590	5,976	24,782	(1,808)
Monroe City	17,237	20,540	2,400	19,637	(903)
Unincorporated	1,569	6,050	3,576	5,145	(905)
Snohomish UGA	10,559	14,535	4,348	14,907	372
Snohomish City	8,838	9,981	1,964	10,802	821
Unincorporated	1,720	4,554	2,384	4,104	(450)
Stanwood UGA	6,353	8,840	5,099	11,452	2,612
Stanwood City	4,438	5,650	1,472	5,910	260
Unincorporated	1,915	3,190	3,627	5,542	2,352
Sultan UGA	4,969	11,119	3,770	8,739	(2,380)
Sultan City	4,655	8,190	2,548	7,203	(987)
Unincorporated	314	2,929	1,222	1,536	(1,393)
S.W. County UGA	434,425	533,125	126,182	560,607	27,482
Incorporated S.W.	255,541	303,227	48,862	304,403	1,176
Bothell City (part)	16,570	22,000	3,329	19,899	(2,101)
Brier City	6,100	7,790	688	6,788	(1,002)
Edmonds City	39,800	44,880	5,065	44,865	(15)
Everett City	101,148	123,060	25,839	126,987	3,927
Lynnwood City	35,767	43,782	8,857	44,624	842
Mill Creek City	14,554	16,089	563	15,117	(972)
Mtlake Terrace City	19,987	22,456	3,109	23,096	640
Mukilteo City	20,310	22,000	1,332	21,642	(358)
Woodway Town	1,305	1,170	80	1,385	215
Unincorporated S.W.	178,884	229,898	77,320	256,204	26,306
UGA Total	595,713	759,919	196,245	791,958	32,039
City Total	354,294	420,202	69,867	424,161	3,960
Unincorporated UGA Total	241,419	339,717	126,378	367,797	28,079

Although this figure may seem, at this time, rather small; Monroe will need to eventually fix it as its population grows. Some of these affects are already apparent. For instance, according to the U.S. Census, in Year 2010 the homeowner vacancy rate³¹ for owner-occupied housing was 2/100 of one percent (0.2 percent) compared to a countywide rate of two percent (2.0 percent).³² The adverse effects of such a low vacancy rate, and the affordable housing gap that typically goes along with it, will be addressed in later sections of this chapter.

When a community in a county that is required to write a “Buildable Lands Report” has a negative buildout capacity, or a shortage of land capacity relative to its projected population growth, the GMA requires the community to exhaust “reasonable measures” before it expands its urban growth area (UGA).³³

Snohomish County adopted the following policy to guide communities that reached their buildout capacity in the succeeding twenty years. Other buildable lands counties have similar countywide planning policies.

“A list of reasonable measures that may be used to increase residential, commercial and industrial capacity in UGAs, without adjusting UGA boundaries, shall be developed using the Snohomish County Tomorrow process. The Snohomish County Tomorrow Steering Committee will recommend to the County Council a list of such reasonable measures. The County Council will consider the recommendation of the Steering Committee and will add a new Appendix to the countywide planning policies that contains a list of reasonable measures. Once adopted, the County Council will use the list of reasonable measures to evaluate all UGA boundary expansion proposals consistent with UG-14(d).”³⁴

³¹ “Homeowner Vacancy Rate – The homeowner vacancy rate is the proportion of the homeowner inventory that is vacant “for sale.” It is computed by dividing the number of vacant units “for sale only” by the sum of the owner-occupied units, vacant units that are “for sale only,” and vacant units that have been sold but not yet occupied, and then multiplying by 100. This measure is rounded to the nearest tenth.” Source: U.S. Census Bureau, 2011 ACS Subject Definitions

³² U.S. Census Bureau; 2007-2011 American Community Survey 5-Year Estimates, DP04: Selected Housing Characteristics, Snohomish County and City of Monroe

³³ RCW 36.70A.215(1)(b)

³⁴ Snohomish County, Countywide Planning Policies for Snohomish County, “Appendix D: Reasonable Measures”, June 12, 2013, pages 70-71

Reasonable Measures To Relieve Growing Pains

Snohomish County prepared the following list of reasonable measures. They are similar to measures adopted by other counties.

- Permit Accessory Dwelling Units (ADUs) in single family zones.
- Provide Multifamily Housing Tax Credits to Developers
- Provide Density Bonuses to Developers
- Allow Clustered Residential Development
- Allow Duplexes, Townhomes and Condominiums
- Allow Small Residential Lots
- Encourage Infill and Redevelopment
- Plan and Zone for Affordable, Manufactured Housing Development
- Encourage the Development of Urban Centers and Urban Villages
- Allow Mixed Uses

These reasonable measures represent a broad range of strategies. If implemented, any of one of them will generate more housing as land becomes scarce. They also generate a number of other benefits. The following describes a few of these strategies.

Accessory Dwelling Units

An accessory dwelling unit (ADU) is a small, self-contained residential unit built on the same lot as an existing single family home. ADUs may be built within a primary residence (e.g., basement unit) or detached from the primary residence. They add variety and affordable rental housing stock to existing single-family neighborhoods. They are a great option in cities or neighborhoods that are already built out

Accessory dwelling units work in every size jurisdiction. Washington cities with populations greater than 20,000 are required to allow ADUs in single-family zones.³⁵ Smaller cities also frequently claim that ADUs provide an answer to some of their housing problems.

- *More Information:*
 - [ACCESSORY DWELLING UNIT ORDINANCE STUDY AND RECOMMENDATIONS](#)
 - [HUD'S ACCESSORY DWELLING UNITS: CASE STUDY](#)
 - [MRSC ACCESSORY DWELLING UNITS](#)

³⁵ [RCW 43.63A.215\(3\) and RCW 36.70A.400](#)

Cottage Housing

Cottage housing developments are groupings of small dwelling units around a common open space area. They serve as [infill development](#) in established residential zones. They typically provide increased density, diversity and a slightly more affordable alternative to traditional detached single-family housing. Common ownership of open space or single ownership of smaller lots may make the units more affordable in markets with high land values. Combining incentives like [density bonuses](#) with this strategy may also be helpful in making the homes affordable to lower income households.

- More Information:
 - [MRSC'S COTTAGE HOUSING GUIDE](#)
 - [THE HOUSING PARTNERSHIP: COTTAGE HOUSING IN YOUR COMMUNITY \[PDF\]](#)
 - [CITY OF KIRKLAND'S COTTAGE HOUSING ORDINANCE](#)

Clustered Residential Development

Cluster development can relieve development pressure on environmentally sensitive areas, greenbelts and rural or resource lands by focusing development in one location while preserving open space in other locations.

Cluster developments provide benefits in addition to land conservation. For instance, smaller and more-dense home sites introduce different housing types into areas dominated by large-lot single family development. In areas with high land values, a smaller lot or home with open space owned in common can reduce housing costs.

Additionally, cluster development can reduce developer costs. Clustered homes are often grouped around a common space instead of placed in rows along roadways, saving on infrastructure costs. These savings get passed on to residents. By decreasing housing cost, it increases the affordability of units in areas with higher than average costs.

Communities that permit cluster development often adopt an ordinance that permits cluster developments in certain land use designations. These ordinances relax the development standards for setbacks, lot sizes and densities. These relaxed standards permit development that is more compact. Cluster developments establish the total number of units independently of minimum lot standards.

Ordinances authorizing cluster developments usually include design standards, along with minimum open space and density standards. They can specify the use, preservation and management of open spaces. Review and permitting of cluster developments typically follows the process used for regular subdivisions. These standards can be either voluntary or mandatory. Voluntary provisions often include incentives like density bonuses or inclusionary housing requirements.

- *More Information:*
 - [MSRC’S “CLUSTER DEVELOPMENT IN PLAIN ENGLISH”](#)
 - [SUMNER MUNICIPAL CODE 16.40.140](#) (clustering within critical areas)
 - [KITTITAS CO. CODE 16.09: CLUSTER PLATTING AND CONSERVATION PLATTING](#)

Infill Development

Infill development adds residential capacity to cities without annexation or infringing on open space or other sensitive areas. It directs development to areas where it already exists.

Infill development reduces costs for cities and developers. Directing growth to already-serviced neighborhoods avoids the expense for new sewer, road and other utility extensions. Infill development helps achieve goals like creating transit-oriented development and increasing neighborhood density and diversity.

Infill development generally occurs on individual properties or a collection of neighboring properties. Cities can encourage infill development by developing land banks. Over time these land banks aggregate neighboring properties into larger parcels for (re)development. By land banking parcels, local governments could sell multiple parcels to a single developer at one time. This enables the developer to build houses as if the parcels were part of one subdivision. It enables them to generate the same profits that they would expect from developing a subdivision.³⁶

Properties that make good candidates for infill development are those served by transit and other amenities. They are located in densely zoned neighborhoods or neighborhoods built below their zoned density. Other good candidates are vacant or economically underutilized parcels or parcels large enough to be subdivided.

Jurisdictions can encourage infill development by coupling it with other incentives. For instance, overlay zones and flexible regulations can remove barriers for smaller or oddly sized lots. A lot-size-averaging ordinance helps develop small, vacant lots that do not meet minimum requirements. Larger multifamily projects in single-family neighborhoods may require amenities like parks or playgrounds. More flexible design guidelines using input from neighborhood residents can help generate the public support sometimes necessary to convert vacant parcels into attractive developments.

In 2003, the Legislature amended the State Environmental Protection Act (SEPA) to exempt infill development.³⁷ RCW 43.21C.229 allows cities to enact categorical exemptions if they

³⁶ William Apgar and Shekar Narasimhan, “Capital for Small Rental Properties: Preserving a Vital Housing Resource”, *Revising Rental Housing Policies, Programs and Priorities*, Brookings Institute Press, 2008

³⁷ RCW 43.21C.299

conducted an environmental impact statement on their comprehensive plan prior to its adoption. This exemption applies to all residential and mixed-use developments that are consistent with the comprehensive plan. This exemption presents two significant benefits. It means developers do not have to pay for another environmental assessment. It also reduces the scope of SEPA-based appeals for certain types of urban development (e.g., commercial developments under 65,000 square feet).³⁸

- *More Information:*

- Municipal Research and Services Center of Washington: [INFILL DEVELOPMENT: COMPLETING THE COMMUNITY FABRIC](#)
- Municipal Research and Services Center of Washington: [INFILL DEVELOPMENT IN MY BACK YARD? STRATEGIES FOR WINNING INFILL DEVELOPMENT SUPPORT](#)
- [CITY OF BELLINGHAM: INFILL HOUSING TOOLKIT](#)

Mixed Uses:

Land use designations for mixed-use developments appear frequently on zoning maps. Mixed-use zones allow two or more different types of land use on a single lot or on adjacent lots within a district. It gives residents access to amenities like retail shopping, personal services and transit. Some cities use mixed-use zones to add flexibility to existing land use designations. For this reason, they pop up in areas that reached their buildout capacity.

However, cities discover mixed-use zones do not work at every location. Their construction costs typically exceed the cost of similarly-sized, single use developments. Additional costs arise from important design considerations such as parking, fire suppression, sound attenuation, ventilation and transit facilities.

Mixed-use developments present some unique financial hurdles. For instance, getting a loan for a mixed-use development can become quite a challenge. Conventional lenders like standardization and conformity. Since mixed-use developments have multiple users, their lending needs become complex and varies from one user to another. Financing mixed uses tends to focus on the marketing skills of the development team and the public support of the project as evidenced by the comprehensive plan, subarea plans, public-private partnerships, tax credits, tax exemptions and/or public infrastructure investments.³⁹

Another hurdle that mixed-uses developments must overcome pertains to the development's operating costs. Like any other real estate investment, mixed-use developments need to generate enough revenue to repay their loans. The revenue stream for a mixed-use development comes from an assortment of different business. Developers

³⁸ Jeremy Eckert, Foster Pepper, PLLC, "Using SEPA to Encourage Economic Development and Sustainable Communities", June 2011

³⁹ Christopher Leinberger, *Optional Urbanism*

find getting all these uses going at the same time and keeping them going a very challenging task – particularly when they are trying to start a mixed-use development.

For these reasons, the construction of mixed-use developments often occurs in phases or stages. Each phase may have its own financial strategy. In some cases, a mixed-use development may have multiple owners, or several limited liability companies, and multiple leases and/or mortgages. All of these arrangements attempt to mitigate the impact in the event of prolonged vacancies and/or foreclosures.⁴⁰

Mixed-use developments are good candidates for public-private partnerships. Many mixed-use developments have a public component (e.g. parking or parks and gardens). In several cases, non-profit housing providers provide management oversight – particularly with mixed-use developments that span over many years. Finally, as with any real estate development, lenders typically prefer a centralized management structure. Local governments or non-profit housing providers can sometimes provide it for them.⁴¹

Mixed-use developments work best in builtout areas with existing, relatively high densities. The pre-existing improvements and businesses in these areas tend to mitigate the risk associated with financing a mixed-use development. In such cases, mixed-use developments provide important amenities to existing residents while, at the same time, providing a boost to existing businesses.

- *More Information:*

- Municipal Research and Services Center of Washington (MRSC): [MIXED-USE INFORMATION AND RESOURCES](#)
- City of Bremerton: [DOWNTOWN REGIONAL CENTER SUB AREA PLAN](#)
- Mountlake Terrace: [TOWN CENTER PROJECT](#)
- Sumner: [SUMNER TOWN CENTER PLAN](#)

⁴⁰ Joseph Rabianski, PHD, CRE, Mixed-Use Development and Financial Feasibility, Counselors of Real Estate (CRE) Real Estate Issues, Vol 34, No. 1, 2009

⁴¹ Joshua D. Herndon, Mixed-Use Development in Theory and Practice: Learning from Atlanta's Mixed Experiences, Georgia Tech, May 5, 2011

HOUSING MARKET STRATEGIES

Understanding some key market factors helps form effective housing policies. In particular, it can help stabilize a housing market.

Several dozen housing factors exist. Some of these factors measure the volatility of the housing market (e.g., change in housing or rental prices). These factors often express the consumer's or investor's demand for housing. These factors change frequently. Local government housing policies tend to focus on less volatile, longer term housing market factors. They tend to look at the overall relationship of supply and demand. In terms of housing elements, these relationships pertain to the following concerns.

Vacancy/Occupancy Rates

Vacancy rates for rental and owner-occupied housing refer to different market dynamics. Vacancy rates for owner-occupied housing typically pertain to prolonged vacancies where units are left unoccupied for 90 days or more; whereas, vacancy rates for rental housing typically refers to the availability of rental housing choices. This section will focus on the vacancy rate for rental properties. The next section focuses on abandoned properties.

Managers of rental properties use vacancy rates to make a strategic decision regarding the price of the rental unit. This decision involves a tradeoff between the rental price and how long a unit sits empty on the market. The landlord bears the costs of vacant rental units. Pricing the unit too high will decrease the landlord's revenues because the unit will remain empty for a longer period of time. On the other hand, pricing the unit too low will decrease the revenue that a landlord could potentially achieve when the unit is occupied.

Vacancy rates also provide an indicator to the supply of rental units. Although a low vacancy rate might mean higher rental prices, it also indicates a demand for the construction of more rental units. On the other hand, a higher vacancy rate might mean lower prices; but it also deters the construction of more rental units, which leads to depreciated housing stock and the loss of decent or suitable housing choices.

Much debate and a variety of opinions exist regarding the optimum rental housing vacancy rate. According to the U.S. Census Bureau, the median vacancy rate for rental housing over the past 40 years is 8.8 percent nationwide. At the end of 2012, the national vacancy rate was 8.6% and 4.5% for the Washington state.

Abandoned Properties:

Abandoned properties and foreclosed properties give local governments the same type of challenges. Abandoned properties, whether due to foreclosure or other economic factors, can reduce property values, foster crime and create a general downward spiral of neighborhood character and vitality.

All of these effects will generate additional costs for local governments. It costs more to respond to citizen complaints and enforce public nuisance ordinances. Local governments often end up demolishing blighted structures on properties. Abandoned properties generate both law enforcement and fire suppression costs. They represent a loss of property taxes and cause the deflation of the tax base of nearby properties.

Homeowners and lenders are not required to notify local governments when a property forecloses or they abandon it. Local governments tend to discover them when they start causing a number of problems. Sometimes, even the property owner may not know the condition of his or her own property. For instance, a person who acquires property through an inheritance may not even be aware of its condition. In many cases, the problems caused by these abandoned properties get resolved by notifying the absentee landowner that a problem exists and they face enforcement actions if not corrected.

Communities delay taking action to mitigate the effects of abandoned property for a number of reasons. They often contend the cost to cleanup, along with the legal costs to recover these costs through tax foreclosure, exceeds the anticipated proceeds from the property's sale. However, the value of most properties exceeds the cost to proceed with nuisance abatement and tax foreclosure.

This fact became evident through the Neighborhood Stabilization Program (NSP). The development of all the abandoned properties recovered using NSP funds provided a positive net return compared to the cost for cleanup and acquisition. Fewer abandoned properties will likely occur if local governments enforce their existing nuisance ordinances and use the existing authority provided them to recover their cleanup costs.

Part of the planning process to draft a housing element should include targeting neighborhoods with above average numbers of abandoned properties. This information enables cities and counties to implement some low-cost to no-cost strategies. For instance, a community with few foreclosed homes but a large number of high risk mortgages may want to focus on homeowner education, default loan counseling and access to low-interest refinancing.

This information also helps mitigate the spillover effects of abandoned properties. In some cases, areas with a large number of abandoned and foreclosed properties may require government intervention. For instance, they may want to boost their code enforcement efforts. Police and fire departments may want to increase monitoring of foreclosed properties. They may want to initiate their nuisance abatement process and assign the property to third-party management firm for continued maintenance and redevelopment.

Another option used successfully in NSP was the creation of community land trusts and nuisance abatement revolving loan funds. Communities formed land trusts to assemble abandoned properties into more marketable multi-family and/or commercial land uses. Communities developed a revolving loan fund to finance the continued cleanup of

abandoned property.⁴² They recover their cleanup costs through the tax foreclosure process. They use the sale of acquired properties to finance future cleanups.

- *More Information:*

- Homeownership Perseveration Foundation, [*COLLATERAL DAMAGE: THE MUNICIPAL IMPACT OF TODAY'S MORTGAGE FORECLOSURE BOOM*](#), May 2005
- IAAI/USFA Abandoned Building Project, [*MANAGING VACANT AND ABANDONED PROPERTIES IN YOUR COMMUNITY*](#), 2006
- Government Accountability Office, [*VACANT PROPERTIES: GROWING NUMBER INCREASES COMMUNITIES' COSTS AND CHALLENGES*](#), Report 12-34, November 2011

Housing / Rental Mix:

An important metric relative to housing plans is the mix of owner-occupied and rental housing. No clear standard exists regarding the right mix of housing. Figure 6-2 represents the percentage of rental and owner-occupied housing across the nation. The differences vary only slightly.

Figure 6-2
Percentage of Total Housing Units in 2011 by Tenure

	United States	West Region	Pacific Division	Washington
Total:	100%	100%	100%	100%
Owner occupied	65%	59%	57%	63%
Renter occupied	35%	41%	43%	37%

Source: U.S. Census, 2011 Community Survey: B25003: Tenure

Although these figures may represent a norm, they do not suggest a recommended standard. In fact, the existing mix might indicate an unhealthy housing market. According to the report released by the U.S. Federal Reserve,

“The significant tightening in household access to mortgage credit likely reflects not only a correction of the unsound underwriting practices that emerged over the past decade, but also a more substantial shift in lenders' and the GSEs' willingness to bear risk. Indeed, if the currently prevailing standards had been in place during the past few decades, a larger portion of the nation's housing stock probably would have been designed and built for rental, rather than owner occupancy. Thus, the challenge for policymakers is to find ways to help reconcile the existing size and mix of the housing stock and the current environment for housing finance.”⁴³

⁴² Jurisdictions that used their NSP funds to form revolving loan funds: City of Lakewood, Pierce County, City of Tacoma, City of Aberdeen, City of Hoquiam

⁴³ United States Federal Reserve, White Paper Report: *The U.S. Housing Market: Current Conditions and Policy Considerations*, January 4, 2012, page 25

The desired mix between rental and owner-occupied housing will vary, sometimes significantly, between communities. The right mix of rental and owner-occupied housing depends on a number of factors. In addition to vacancy and occupation rates, other key determinants include family incomes and location of employment.

For instance, jobs-to-housing balance indexes might work to help determine the right mix. A jobs-to-housing index of less than one job per house may mean a community lacks the population base necessary for routine goods and services such as grocery shopping or getting a haircut. Residents need to travel to other communities for these things. They spend their disposable income on transportation costs at the expense of spending it in local business.

In such cases, increasing rental housing can provide a larger population base to support expanding the local economy. It may provide more affordable workforce housing, which enables people who work in local businesses a place to live closer to where they work. More workforce housing helps local businesses recruit workers. It increases a community's secondary employment market and the benefits this market offers to young people and second income earners. It may enable business owners to reduce the wages and salaries they offer due to the decrease in commuting costs.

Another metric is the mobility rate at local elementary schools. School mobility rates provide a metric relative to the need for more owner-occupied housing. School mobility rates pertain to the number of new students enrolled each year. A mobility rate of 50 percent or more means half of the currently enrolled students will not likely attend the same school the following year. High mobility rates represent a neighborhood instability that additional owner-occupied housing might correct.

Finally, another metric that sheds light on the housing/rental mix is the length of time it takes to sell owner-occupied homes. Areas with lower periods tend to have a more accessible market. In other words, they have renters who want to buy a home of their own and, at the same time, stay in the community where they are currently living. A community with a larger population of tenants also has a larger population of prospective homeowners.⁴⁴ As a result, homeowners can sell their properties, and recover their investments, quicker.

The comprehensive plan represents a community's desired mix of owner-occupied and rental housing. As indicated above, local governments can use a number of different metrics to find the right mix. They use this information to determine the mix of land use designations or zones. The housing element gives them a chance to adjust the existing owner occupied / rental housing mix. Different land-use designations propose different densities. It also provides more housing choices (e.g., rental housing, workforce housing, first time homebuyer housing, etc.)

⁴⁴ Washington Center Real Estate Research, *Buying or Selling a Home in Washington: A 2010 Survey of Recent Buyers and Sellers*, Washington State University, May 2011, page 2-3

- *More Information:*
 - U.S. Census Bureau, [HOUSING VACANCIES AND HOMEOWNERSHIP](#)
 - United States Federal Reserve, [WHITE PAPER REPORT: THE U.S. HOUSING MARKET: CURRENT CONDITIONS AND POLICY CONSIDERATIONS](#)

Absorption Rates and Market Factor

Absorption rates measure how long a home may sit on the market before somebody buys it. Absorption rates measure the housing market's internal supply and demand. It basically uses the current inventory of homes (supply) and recent sales history (demand) to calculate the market's current sales rate. Figure 6-3 shows how absorption rates characterize the housing market.

When absorption rates are too high (buyer's market), a homeowner must wait a longer time to sell their home. This increase may jeopardize the homeowner's ability to capture the equity in their home within a reasonable time. On the other hand, when absorption rates are too low (seller's market); then home prices increase to unaffordable and unsustainable levels. It results in a housing crisis similar to what triggered the Great Recession.

Local governments want to avoid either scenario. When they draft their housing element, they look at the amount of land available within their urban growth area for residential development. They calculate a "market availability factor" or "market availability discount" or simply – a market factor. They deduct from their buildable land estimates the percentage of land dictated by their desired market factor.

This market factor helps assure adequate land and housing supply. It also addresses the fact that not all land is developable. Figure 6-4 represents some market factors currently in use.

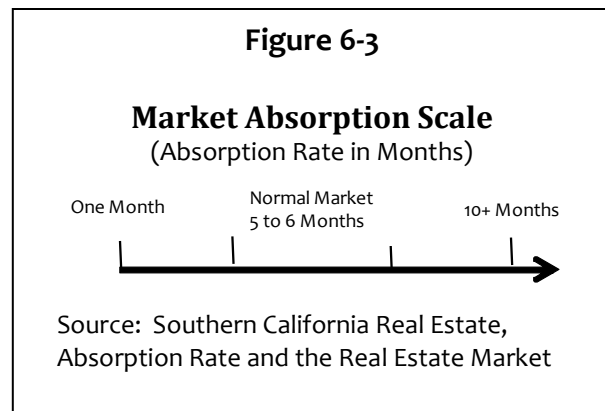


Figure 6-4
Comparison of Market Factors

County	Market Factor Assumption
Clark	- Residential: 10%
King	- Overall: 5% to 20% (redevelopable discounted more than vacant land) - Central Jurisdictions: 5% to 10% - Established suburban jurisdictions: 1% to 15% - Outlying jurisdictions: 15% to 20%
Kitsap	- Vacant: 5% - Underutilized: 15%
Pierce	- Vacant: most factors between 5% and 25% - Underdeveloped: most factors between 10% and 30% - Redevelopable: most factors between 20% and 50%
Snohomish	- Vacant: 15% - Partially-used/Redevelopable: 30%
Thurston	- Residential=: up to 25%; Averaging to a countywide market factor of about 24%

Source: John Peterson, City of Spokane, Memo to Spokane Planning Commissioners: Land Quantity Analysis, July 1, 2010

The Central Puget Sound Hearings Board considers a market factor over 25 percent as excessive.⁴⁵ Using this figure, for every acre of land estimated as necessary to accommodate the population forecast, an additional quarter-of-an-acre (0.25 acres) should be added to keep urban land prices from rising dramatically and, thereby, decreasing affordable housing.

When a city or county has excessive capacity, then they may want to reduce their urban growth areas. When such reductions are not possible, some cities enact restrictions on their extension of water and sewer services to reduce the development of large subdivisions that will increase absorption rates within the city's housing market and, thereby, the deflation of existing homes.

○ *More Information:*

- Washington Department of Commerce, [URBAN GROWTH GUIDEBOOK](#)
- City of Spokane, [LAND QUANTITY ANALYSIS](#), August 2010

⁴⁵ Central Puget Sound Growth Management Hearings Board, Association to Protect Anderson Creek, etal v. City of Bremerton, *Bremerton*, 95-3-0039c, *Final Decision and Order*, page 42

REGULATIONS MAKE A DIFFERENCE

Chapter 4 explained how regulations generate “transaction costs.” These costs are unavoidable. Governmental agencies as well as developers share the burden to pay for them. Sometimes regulations generate a valuable service or benefit. However, few would agree that, when it comes to regulations, more is always better.

Excessive regulations increase the time necessary to process them. From both the developer and government perspective, increased processing time and regulatory complexity increases everyone’s transition costs. In particular, it increases a project’s “carrying costs.”

Carrying costs refer to the expenditures developers pay before they sell the property and recoup their costs plus profit. It includes permits, fees and the cost to finance a construction project. All of these costs pass-on to the buyer. Reducing the time necessary to review and process development regulations reduces the developer’s costs.

Streamlining Application and Review Processes

Cities and counties are required to periodically review their permitting process. They must develop a predictable and timely review process.⁴⁶ They must establish time limits to review permit applications and render decisions. This process may include public notices and public hearings. The following lists some common approaches taken by some local governments to streamline their application and review process. Follow the links to see these examples.

- **Centralized counter services** to minimize the time required to coordinate the submittal of a development application. (Examples: [BURIEN](#) and [COVINGTON](#))
- **Pre-application conferences** to allow developers access to information that may affect their applications prior to submitting it. (Examples: [PUYALLUP](#) and [RENTON](#))
- **Permit checklists** that help both the developer and the jurisdiction make timely determinations on the completeness of a submitted application. (Example: [TUMWATER](#) and [AIRWAY HEIGHTS](#))
- **Reducing the number of residential zoning districts** enables jurisdictions to have fewer development standards.
- **Reducing complicated administrative procedures** by minimizing the number of officials involved in the review process. In some cases, the applicant deals with just one official throughout the entire permitting process who has the authority to approve or reject the application.

- *More Information*

- [WASHINGTON STATE GOVERNOR’S OFFICE OF REGULATORY ASSISTANCE](#)

⁴⁶ [RCW 36.70B](#)

Regional One-Stop Permit Centers:

In 2001, nine Puget Sound cities formed an inter-local agency to provide web-based services to their residents. A few years later, this alliance added 28 more cities. It expanded its access to include permits, job notices, competitive procurement for small public works, etc. Today eCitygov.net provides one-stop service to over 1.4 million residents.

One of eCitygov.net's portals includes building permits. MyBuildingPermit.com provides online applications and payment for electrical, mechanical, plumbing, roof and other permits. The following jurisdictions use MyBuildingPermit's services

Figure 6-5
Cities Participating in MyBuildingPermit.com

Bellevue	Bothell	Burien
Duvall	Gig Harbor	Issaquah
Kenmore	Kirkland	Mercer Island
Mill Creek	Mukilteo	Renton
Sammamish	SeaTac	Snohomish County
Snoqualmie	Woodinville	

- *More Information*
 - ECITYGOV.NET
 - MYBUILDINGPERMIT.COM

Short Plats

Plats are maps or representations of subdivided land. Drafting these maps represent the first step toward the creation of property ownership. Subdivision plats serve as the principal format to determine compliance with applicable land use plans and regulations.

Subdivision plats fall into two, broad and general categories – long plats and short plats. “Short Plats” or “short subdivisions” refer to subdivisions consisting of four lots or less. Long plats refer to larger subdivisions of five or more lots. Although both types of plats include similar information, the length of time to process them varies quite a bit. The time limit set for long plats average approximately 90 days.⁴⁷ On the other hand, approval of short plats is an administrative process that is performed in a matter of few days.⁴⁸

⁴⁷ RCW 58.17.140

⁴⁸ RCW 58.17.060

The time to process short versus long plats adds up to a great deal of difference in their respective carrying costs. For example, the interest on a five percent builders' loan on a \$200,000 home would cost about \$800 per month. Consider a subdivision of one acre into eight lots. The interest cost for eight houses reaches \$6,400 per month (assuming the developer finances the construction of all eight houses at once). The difference between one month and six months for eight houses with 100 homes, the interest cost reaches about \$80,000 per month if builder chooses to get loan for all 100 homes at once. In this scenario, the difference in interest cost between one month and six months becomes \$32,000; it could result in a \$4,000 increase in the price of each house.

A city or town can increase the maximum number of lots to a maximum of nine lots.⁴⁹ Counties planning under the Growth Management Act may also do the same within the urban growth area. Increasing the number of lots allowed in a short plat streamlines the permit process for subdivisions of eight lots or less.

Increasing the maximum size of short plats reduces the costs to subdivide larger parcels. In most cases, the review of these larger parcels requires no greater scrutiny than smaller parcels. Short plats typically do not require lengthy public notices or approval by city councils or hearing examiners. Oftentimes they are processed in a manner similar to other building permits. The following cities expanded their definition of short plats.

Figure 6-6
Cities with Expanded Short Plat Definitions

- | | | |
|-----------------|-----------------------------|---------------|
| • Arlington | • Bellevue | • Bonney Lake |
| • Burien | • Everett | • Fife |
| • Kent | • King County (within UGAs) | • Kirkland |
| • Kitsap County | • Lake Stevens | • Marysville |
| • Redmond | • Renton | • SeaTac |
| • Seattle | • Snohomish County | • Tukwila |

Source: Municipal Research and Services Center

- *More Information*
 - Municipal Research and Services Center (MRSC): [SUBDIVISIONS GUIDE](#)
 - [WAC 365-196-820](#)

AFFORDABLE HOUSING STRATEGIES

Since the passage of the National Housing Act of 1937, literally hundreds of affordable housing programs have come and gone. Over the past few decades, local governments play

⁴⁹ [RCW 58.17.020 \(6\)](#)

an increasingly larger role to assure affordable housing. Determining where and what type of housing permitted in a community falls primarily on the shoulders of local government. Quite often the land use and regulatory aspects of affordable housing gets little attention. According to the Urban Land Institute, regulatory issues may have a greater impact on affordable housing than conventional housing assistance programs. These regulations influence the location, characteristics and cost of housing in the private market. For this reason, the section in the housing element regarding affordable housing becomes critically important.

Excessive Housing Costs

The conventional indicator of housing affordability across the nation is the percent of income spent on housing. In the 1940s, the definition of housing affordability was 20 percent of income. By 1981 the threshold rose to 30 percent, which remains in effect today.

The 30 percent rule implies a maximum amount of gross income that leaves a sufficient balance to pay other bills and provide discretionary spending. Households who spend more than 30 percent are considered to have excessive housing costs. Their rent or home loan jeopardizes their ability to pay other bills or handle fluctuations in their finances.

Figure 6-7
Excessive Housing Cost Statewide
Year 2000 and Year 2011

Income	Year 2000 Census			Yr. 2011 ACS			Change Yr. 2000 to Yr. 2011	
	Rental HH	% Total HH	% Income Group W/ Excessive Costs	Rental HH	% Total HH	% Income Group W/ Excessive Costs	Rental HH	% Income Group W/ Excessive Costs
\$20,000 or less	235,356	11%	83%	228,337	9%	88%	-3%	6%
\$20 - \$34,999:	194,822	9%	46%	189,553	7%	75%	-3%	61%
\$35 - \$49,999:	136,186	6%	14%	149,289	6%	40%	10%	188%
\$50 - \$74,999:	112,445	5%	4%	158,000	6%	17%	41%	290%
\$75,000 - more:	70,013	3%	1%	152,903	6%	3%	118%	233%
No Cash Rent	46,701	2%		48,237	2%		3%	
All Incomes	795,523	37%	37%	926,319	36%	47%	16%	28%

Source: U.S. Census Bureau

Over the past twenty years, this ratio was relaxed by several lenders and property managers. They found many households can exceed the 30 percent threshold and still have enough money left to meet their non-housing needs. In their eyes, the 30 percent ratio indicated a life-style choice. Some households choose to pay more for amenity-laden housing or locations.

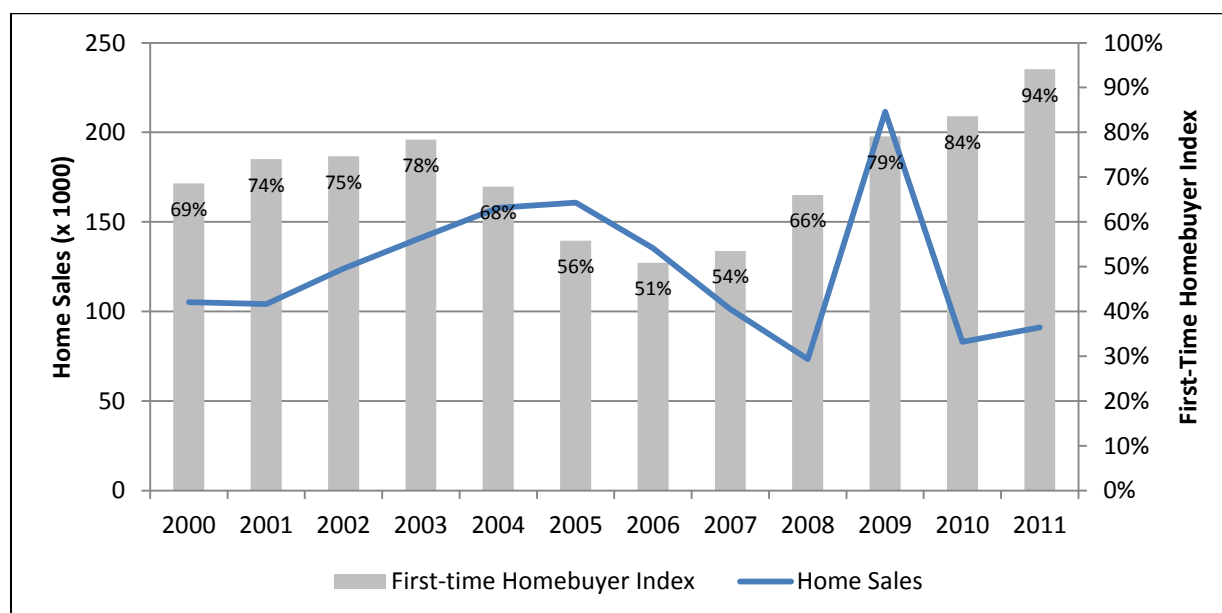
For households on the lower rungs of the income ladder, the 30 percent of household income threshold remains as relevant today as it was over thirty years ago. What's more – the lower rungs of the income ladder keep moving up. In particular, excessive housing cost is becoming the norm for renters. In Washington State approximately half of all renters have excessive costs. This represents nearly 475,000 households and a population of over one million people. This population is nearly evenly split between rural and urban areas.

Figure 6-7 compares excessive rental costs in Year 2000 to Year 2011. Although the number of rental households increased, it remains roughly at the same percentage of total households. The number of rental households with higher incomes substantially increased. At the same time, the number of these higher income households with excessive housing cost doubled.

First-time Homebuyer Index

Homeowners have the same 30 percent threshold as renters. The threshold for homeowners includes principal, interest, tax and insurance payments (PITI). This threshold became just one of several hurdles that prospective homebuyers must overcome to qualify for a loan. Lenders also looked at prospective homebuyers total debt load. FHA-insured mortgages use 12 percent criteria for non-housing debt. In other words, a prospective homebuyer cannot have a debt of more than 42 percent of income.

Figure 6-8
Homes Sales & First-Time Buyer Indexes



Source: Bill Mandeville, AICP, Washington Dept. of Commerce, Growth Management Services (data compiled from Washington Center for Real Estate Research)

Figure 6-8 compares Washington's annualized first-time homebuyer index to annual home sales. The first-time homebuyer index measures the ability of a homebuyer to purchase their first home at the median sales prices. The chart illustrates how a high first-time homebuyer index does not necessarily translate into an increase in home sales. In fact, they seem to have an inverse relationship. For the past ten years, with one exception (2009), as home sales fell the first-time homebuyer index went up. During Year 2009 home sales increased due to federal income tax incentives for first-time homebuyers.

As illustrated in Figure 6-7, renters with relatively high incomes cannot qualify or find an affordable home to purchase. They must rent their housing units which, in turn, increases the demand and the price of rental housing. Increased demand for rental housing will increase the rental prices sought by landlords. As rental prices increase, likewise excessive housing costs increase for all income groups; which increases the demand for owner-occupied housing. This increase in demand increases the purchase price of housing which results in a drop in the number of first-time homebuyers. This paradox repeats itself.

Affordable Housing Strategies

Breaking this vicious cycle becomes the focus of a number of affordable housing strategies. For the sake of this guidebook, affordable housing strategies are grouped into the following four general categories.

Figure 6-9
Affordable Housing Strategies

More Housing Units <ul style="list-style-type: none"> -- accessory dwelling units -- cottage housing -- Minimum Densities -- No Maximum Densities -- Home Sharing / Co-Housing -- Planned Unit Developments -- Developer's Agreements 	More Land for Affordable Housing <ul style="list-style-type: none"> -- cluster subdivisions -- mixed use development -- manufactured housing communities -- small lots and small lot districts -- zero lot line development -- planned unit developments -- workforce housing
Lowering the Cost to Build Housing <ul style="list-style-type: none"> -- adaptive reuse -- infill development -- form based or performance zoning -- community land trusts -- pre-approved house plans -- parking reductions 	Financial Incentives <ul style="list-style-type: none"> -- exemption from impact fees -- employer assisted housing -- transfer of development rights -- housing trust funds -- office/housing linkage fees -- fee and tax waivers or exemptions

Source: Bill Mandeville, AICP, Washington Dept. of Commerce, Growth Management Services

This chapter includes a description of most of the above strategies. Previous sections of this chapter already presented some of these strategies. The “workforce housing” strategy will be presented in Chapter 7: Goals, Policies and Monitoring. Chapter 8: Affordable Housing and Consolidated Plan will explain the strategies pertaining to financial incentives.

More Housing Units

Minimum Densities

Development at a very low density can result in land use patterns that are difficult or more costly to serve with infrastructure and utilities. Since these costs pass-on to the homebuyer, it raises the price of housing and, thereby, reduces affordability. As a result, very low density developments limit housing choices to all but just the higher income brackets. In turn, low-density development may contribute to housing shortages and excessive housing costs for these lower income brackets. It stimulates urban sprawl in other areas throughout the region as the housing market attempts to respond to the unmet demand of these lower income brackets.

Assuming land use decisions were made to assure the availability of affordable housing choices for all income groups, enacting minimum densities helps make sure housing gets developed as planned. In addition to housing, minimum density ordinances help ensure that housing is built at sufficient densities to support other amenities such as transit. It helps reduce induced demand for expensive infrastructure improvements such as exit ramps off of freeways or widening roads in pre-existing areas.

During the Great Recession, hospital districts, public facilities districts and school districts rank among the top governmental agencies with declining financial conditions. These districts were often created by bond levies with repayment schedules that span twenty years or more. Urban sprawl undermines districts' ability to repay their bonds. Minimum density ordinances provide cities a tool to protect the viability of the financial investments made on past improvements (e.g., bonds).

- *More Information*

- Redmond: [MINIMUM REQUIRED DENSITY ORDINANCE](#) (see Community Development Guide, Chapter 20C.30.25-040)
- Ellensburg, WA: [RESIDENTIAL HIGH DENSITY ZONE](#)
- King County: [MINIMUM DENSITY REGULATIONS](#) (see KCC 21A.12.030) and [KING COUNTY ANNUAL INDICATORS OF RESIDENTIAL DENSITY](#)

No Maximum Densities

“No-Maximum Density” ordinances are on the flip side of “minimum density” density ordinances. No-maximum density ordinances remove maximum dwelling unit designations

in specific land use designations. Instead of dwelling units per acre, these ordinances focus on the height, bulk, and design of buildings within the “unlimited density” zone. The number of dwellings permitted on an “unlimited density” zoned site depends on:

- Building envelope–height, floor area ratio, and setbacks
- Ability to meet parking standards
- Local market conditions

Design criteria become particularly important in areas with “unlimited density” zones. Residents who live near the areas often voice concerns about the impact such high density developments will have on their neighborhoods. Design standards such as transitional height, setback, and landscaping standards help abate these concerns. In fact, these developments often provide amenities that residents might desire, such as better access to transit, retail shopping and entertainment.

“Unlimited Density” zones appear on maps where high density development is particularly desired, like downtown districts and transit oriented developments. This tool benefits housing development by allowing site developers to make efficient use of land and maximize height and floor area ratios to help achieve the community’s desired urban form. Given the impact of parking requirements on the effectiveness of this tool, communities sometimes will reduce parking requirements. In these cases, the development truly depends on transit or non-motorized vehicles as its main mode of transportation.

The following jurisdictions do not set maximum densities in downtown zoning districts or transit station areas:

- **BELLEVUE:** [Chapter 20.25A \(chart 20.25A.020.A.2\)](#);
- **EVERETT:** [Everett Municipal Code, Title 19](#) (See the B-3, Central Business District, Broadway Mixed Use)

Shared Living or Cohousing Communities

Cohousing refers to communities designed with the intent to share certain facilities and sometimes activities such as childcare, eldercare, gardening, travel and cooking. The residents of the community own it. Common facilities may include kitchen, dining room, childcare facilities, offices, internet access, cable, guest room, recreational facilities, conference rooms and sometimes automobiles and multi-passenger vans.

The land-use design features of cohousing communities typically include low-rise apartments to townhouses to clustered detached housing (cottages). They tend to keep parking at the periphery of the development to promote walking through the neighborhood. Since housing tends to cluster, it leaves more land available for open spaces.

A couple of Washington cities have cohousing ordinances. Other cities are considering them. These ordinances permit cohousing in single-family designated land uses. The City of

Bellingham requires a special use permit for co-housing. The application for this permit requires public meetings to gather input from neighbors. It requires the submittal of articles of incorporation that establish the cohousing or neighborhood association as a legal entity. The permit application requires a site plan comparable to other multi-family developments. In particular, the site plan needs to identify the location of buildings, parking, common areas, pedestrian walkways and designated open spaces.

Cohousing communities appear in both urban and rural settings. It offers ways and means to retrofit existing homes into affordable housing. It directly addresses the problems associated with urban sprawl. Several “organic” co-housing communities appear in rural areas. For instance, large ranches often provide housing or space for their laborers. Either intentionally or over time these communities turn into cohousing developments.

- *More Information*

- [CITY OF BELLINGHAM \(BELLINGHAM MUNICIPAL CODE 20.10.048\)](#)
- [CITY OF PORT TOWNSEND \(ROSEWIND COHOUSING-PUD\)](#)
- Examples of Cohousing Communities:
 - [MCKENZIE GREEN COMMONS](#) (Bellingham)
 - [DUWAMISH COHOUSING \(SEATTLE\)](#)
 - [WINSLOW COHOUSING \(BAINBRIDGE ISLAND\)](#)
 - [SHARINGWOOD COHOUSING COMMUNITY](#) (Snohomish County)

Planned-Unit Developments

A planned-unit development (PUD) is a regulatory process that allows greater flexibility and higher densities in exchange for the provision of specific public benefits (e.g., multi-family housing developments, parks, playgrounds and/or sites for future schools). PUDs increase the developer’s rate of return (or capitalization rate) in areas with high land costs; while, at the same time, offering a greater variety of affordable housing choices. In some cases, PUDs provide a mix of housing types and choices in conjunction with space for commercial and industrial development.

- *More Information:*

- [MRSC, PLANNED UNIT DEVELOPMENT/PLANNED RESIDENTIAL DEVELOPMENT](#)
- [PSRC, TOOL: PLANNED UNIT DEVELOPMENT](#)

Development Agreement

A development agreement is similar to a planned-unit development. It provides local governments a tool to achieve higher densities. Unlike a PUD, development agreements are

not ordinances. They do not appear on zoning maps. Development agreements are a contract between local governments and a developer.

Development agreements often get used in land use designations that already allow high densities, for example a multi-family zone that allows both single family and multifamily housing. The agreement includes conditions such as mitigation measures. It may provide various incentives (e.g., reduced impact fees or installation of water/sewer lines) in exchange for achieving higher densities.

The agreement may also include provisions for the enforcement of regulations. For example, some agreements include fees paid by the developer in order for the local jurisdiction to dedicate the staff required to quickly review permits and conduct the inspections required for new buildings and streets.

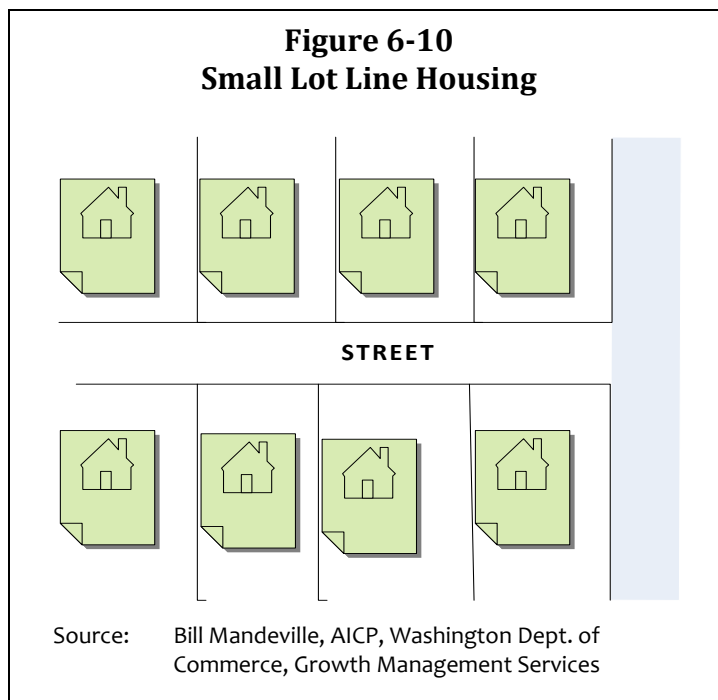
- *More Information:*
 - MRSC, [DEVELOPMENT AGREEMENTS](#)

More Land for Affordable Housing

Small Lot Development

A number of innovative single family housing techniques exist that encourage housing diversity while maintaining the single-family character of a neighborhood. Chief among them are small-lot developments.

Reducing land and infrastructure costs through small-lot housing alternatives translates into lower per unit housing costs or, in other words, affordable housing. These strategies emphasize maintaining the single family character of a neighborhood. At the same time, they create opportunities for rental housing in areas that typically do not have it.



Small lot development allows single family homes to be built on lots that are smaller than typically allowed in single family zoning districts. These developments fit a number of situations. For instance, they can use fragmented lots that normally would be undeveloped. Small lot development may also be used in greenfield development. It is often in combination with short plats, lot size averaging, cottage housing and cluster developments.

- *More Information*
 - Everett: [SMALL-LOT SINGLE-FAMILY DWELLING AND DUPLEX DEVELOPMENT INFILL STANDARDS](#)
 - Marysville: [SMALL LOT RESIDENTIAL DESIGN GUIDELINES AND EXAMPLES](#) [pdf]
 - Mountlake Terrace: [HOUSING CHOICES ORDINANCE](#)
 - Kirkland: [SMALL LOT SINGLE-FAMILY ZONING REQUIREMENTS](#)

Zero Lot Line Developments

Zero-lot-line-development places a house on a lot so that one wall is on the property boundary. It allows houses in a development on a common street frontage to shift to one side of their lot. This technique maximizes greater usable yard space on small lots.

Some jurisdictions include townhouse or condominium development as zero-lot-line-development. In the case of townhouses, both side walls fall along the property boundary. In essence, the lot line separates the units that are for sale.

Other variations on the original zero lot line concept include Angled Z-lots. These lots turn the home at a 45-degree angle to the street, which enhances visual appeal and makes it possible to add more windows without compromising privacy.

Another variation includes Zipper lots. Zipper lots vary the depths of rear lot lines. They concentrate open space on one side of the lot, making wider lots possible with only garages located on the property line.

- *More Information:*
 - [MRSC'S INFILL DEVELOPMENT STRATEGIES FOR SHAPING LIVABLE NEIGHBORHOODS](#)
 - [OLYMPIA: OLYMPIA MUNICIPAL CODE \(CHAPTER 18.04\).](#)
 - [MRSC ZERO LOT LINE DEVELOPMENTS](#)

Form-Based or Performance Zoning

In contrast to traditional zoning, performance zoning does not regulate land use. Instead, it establishes neighborhood compatibility, transportation, open space and other standards that developments must meet. Developments are rated on their performance, and those that score sufficient points in the appropriate categories are approved.

Performance zoning is effective at increasing diversity and mixing uses. Benefits include a flexible approach to development that responds to changing market conditions. Performance zoning eliminates the need for conditional use permits and rezone amendments.

Disadvantages of performance zoning include increased time to review and process subdivision applications. The amount of time required for review may exceed the time for traditional zoned land use.

Performance zoning works best in areas with unique features and challenges. For instance, subdivisions with critical areas might find performance zoning enables greater density and land use than traditional zoning. Performance zoning may also work to stimulate innovative urban design that might transform an area's neighborhood character.

- *More Information:*
 - [PSRC HOUSING TOOL BOX: PERFORMANCE ZONING](#) (one page brief with links to several good code examples and articles).
 - Washington State examples include:
 - Battle Ground Municipal Code [CH. 17.135](#) - Supplementary Regulations for Specific Uses.
 - North Bend Municipal Code [TABLE. 18.10.050](#) - Land Use Performance Standards (Scroll to table).
 - See Municipal Research Service Center, [EXAMPLES OF PERFORMANCE ZONING IN WASHINGTON STATE](#), for more examples

Lowering the Cost to Build Housing

Adaptive Reuse

Rental housing, just like any other commercial asset, depreciates over time. The Internal Revenue Service estimates the straight-line depreciation of rental housing at 27.5 years.⁵⁰ More than half of all rental units in Washington were built 36 years ago. The depreciation of rental housing stock represents a particularly acute problem in rural counties.

Figure 6-11 represents the top 10 counties in Washington with the oldest rental housing stock. The median age of the rental units in these ten counties is 45 years.

The “Housing Profile” in the housing element should identify the number of rental units within a community. The Census data used to generate the housing profile also includes data regarding tenure by housing type and age built. This information will indicate the magnitude of the problem in the community.

⁵⁰ IRS Publication 946

Replacing rental properties with new rental units becomes an expensive proposition. In Washington, more than one-third of all rental properties are single-family homes.⁵¹ Replacing them will cost a fortune. On the other hand, repairing these housing units reduces their depreciation and increase their longevity and utility. Housing repair and adaptive reuse programs represent a cost-effective way to maintain affordable housing stocks.

A number of strategies exist relative to repairing rental housing stock. For instance, the NSP jurisdictions provided funds to rehabilitate several hundred housing units. They donated a number of these units to non-profit housing providers who will maintain them as rental properties. In addition, improvements that focus on reducing energy cost make these housing units even more affordable.

Figure 6-11
Median Age of Rental Housing
Top 10 Washington Counties

	Renter Occupied	Median Age of Rental
@ Washington	1977	36
Garfield	1939	74
Lincoln	1958	55
Wahkiakum	1958	55
Columbia	1964	49
Klickitat	1964	49
Cowlitz	1968	45
Walla Wall	1970	43
Chelan	1971	42
Grays Harbor	1971	42
Okanogan	1972	41

Source: U.S. Census Bureau, 2010 Decennial Census

○ *More Information*

- Housing Finance Commission: [COMPLIANCE AND PRESERVATION TEAM](#)
- USDA Rural Development: [MUTUAL SELF-HELP TECHNICAL ASSISTANCE GRANTS](#) and [MULTIFAMILY HOUSING PRESERVATION AND REVITALIZATION](#)

Community Land Trust

A Community Land Trust (CLT) is a non-profit corporation that acquires parcels of land and then holds on to them in perpetuity. The CLT conveys interest in the property through long-term ground leases. Tenants retain ownership of the structural improvements on the land. They may transfer this ownership to other buyers. However, the CLT retains a preemptive

⁵¹ U.S. Census Bureau, 2011 American Survey, B25003: Tenure

option to purchase any structural improvements at a price determined by formula. These formulas typically are designed to keep the improvements affordable.

The federal Housing and Community Development Act of 1992 designated CLTs as Community Housing Development Organizations (CHDOs). This designation made them eligible for federal funding (e.g., HUD CDBG and HOME funds). Over the years, CLTs became an effective means to create and ensure permanent affordable housing.

Today many CLTs work in tandem with local governments to generate affordable housing. State and local governments provide CLTs operating support and financial assistance. CLTs play a major role in structuring first-time homebuyer programs. The CLT program makes the home more affordable because the homebuyer needs to finance only the improvements. Since the CLT maintains ownership of the land in perpetuity, the home remains affordable to future homebuyers as well.

- *More Information*

- [NATIONAL COMMUNITY LAND TRUST NETWORK](#)
- [THE NORTHWEST COMMUNITY LAND TRUST COALITION](#)
- [KULSHAN COMMUNITY LAND TRUST IN BELLINGHAM](#)
- [SW WASHINGTON COMMUNITY LAND TRUST](#)

SPECIFIC HOUSING ISSUES AND STRATEGIES

Jobs to Housing Balance

Jobs-To-Housing Balance often surfaces as a key policy issue – particularly by planners and policy makers stuck in traffic for great lengths of time. The ratio implies that by achieving parity between the number of jobs and the number of housing, a city can reduce car travel, expand housing choices and generally improve the quality of life. Achieving these objectives is undoubtedly worthwhile.

Rising fuel prices brings this ratio to the forefront much more often. An increase in the price of gasoline causes a corresponding decrease in the consumption of other commodities. The jobs-to-housing balance suggests the need to reduce vehicle miles traveled. Advocates of the jobs-to-housing balance contend decreasing the distance between jobs and housing will mitigate the impact of rising fuel costs.

In 2011, the average Washington resident spent twenty-five minutes commuting to work. Both rural and urban residents share the reality of long commutes. Figure 6-12 presents the counties with above average commute times.

Jobs-to-housing parity seems like a logical solution to reducing traffic congestion and commute costs. Parity refers to achieving a jobs-to-housing mix of 0.75 to 1.50 jobs per housing unit. A ratio less than 0.75 indicate a shortage of jobs and ratio above 1.50 indicates a shortage of housing. Unfortunately, the solutions to these imbalances are not quite that simple.

Residents consider a number of factors when they make decisions regarding where they will work and where they live. The factors a resident considers when looking for a job are very different from the factors they consider when looking for a place to live.

**Figure 6-12
Commute Time of Top 10 Counties**

JURISDICTION	ESTIMATE (minutes)
@ Washington	25.5
Mason	31.9
Wahkiakum	31.7
Kitsap	29.9
Pend Oreille	29.6
Skamania	29.4
Snohomish	29.3
Pierce	28.7
Stevens	27.9
Island	26.9
Lewis	26.8
King	26.6

Source: U.S. Census Bureau, 2010 Decennial Census

Furthermore, the economies in most areas extend beyond jurisdictional boundaries. Analyzing the mix between jobs and housing requires a regional perspective. Expanding the area of a given location likewise increases the factors that need consideration. As a result, the utility of the jobs-to-housing ratio begins to diminish. It does not capture the decision-making process that will lead to decreasing traffic congestion, increasing housing choices or improving quality of life.

The jobs-to-housing ratio serves more as an indicator than a policy objective. It suggests the need for a broader strategy. For instance, these strategies might include the following:

- More Transportation Choices.
- More affordable housing choices.
- Facilitating mixed use and infill development.
- Promoting transit-oriented developments.
- Designating areas for retail activities within residential neighborhoods.
- Developing more effective transportation demand strategies.
- Regional and urban design strategies that optimize the use of public transportation.

The distribution of jobs and housing -- in particular the distance between the two -- create some real problems. Developing effective strategies to reduce traffic congestion and commute times accomplishes a number of objectives -- including affordable housing. Although jobs-to-housing balance pertains more to traffic congestion, reducing commute time or commute costs indirectly affects affordable housing. Including the jobs-to-housing balance in the housing element may serve as a call to action for strategies in other elements of the comprehensive plan (e.g., transportation element, land use element and capital facilities plan). Over time this indicator might indicate progress toward common objectives.

Housing-Transportation Affordability Index

The previous chapter presented the Housing-Transportation (H-T) Index. The H-T Index offers an expanded view of housing affordability by combining transportation costs to housing costs. It uses this average to suggest a combined housing-transportation standard of 45 percent of income.

Policy-makers give the H-T Index increasingly more attention whenever the price of gasoline increases. For instance, a 2010 study found lower-income neighborhoods with high walkability scores tend to have lower default and foreclosure rates. These residents tend to have more disposable income because they spend less money on transportation. They subsequently have more funds to cover fluctuations in their income.

In 2012 HUD's Office of Sustainable Housing and Communities, in partnership with the Department of Transportation, kicked-off its *Housing and Transportation Affordability Initiative*. HUD intends to incorporate the results of its research into programs and policies that promote greater housing and transportation affordability in HUD-assisted communities.

In the meantime, the H-T Index primarily serves as an indicator to buttress the development of transit-oriented developments (TODs). For instance, an EPA study compared the energy cost of a household in a single-family, detached home in a conventional suburban development to a house of the same size in a compact, transit-oriented neighborhood (TOD). They found the TOD household uses 38 percent less energy. If that home included Energy Star energy efficiency measures and if the residents drove a fuel-efficient car, then the household's total energy use would be reduced by 53 percent compared to the conventional, low-density suburban scenario.

Transit-Oriented Developments

Transit oriented developments (TODs) refer to residential and commercial centers designed to maximize access by transit and non-motorized transportation. TODs may start as a "TOD Overlay Zone" which is a floating zone that overlays existing land uses regulations. A TOD Overlay Zone encourages new development that supports transit use.

A TOD neighborhood typically has at its center a transit station surrounded by relatively high-density development with progressively lower-density development spreading outward from the center. TODs generally are located within a radius of one-quarter to one-half mile from a transit stop. This distance represents a reasonable distance accessible by pedestrians and school children.

TOD overlays implement some or all of the following characteristics:

- Mixed Uses: Land uses are mixed and may include shops, restaurants, public services such as schools and community centers, and a variety of housing choices including below market-rate housing.
- Increasing Housing Variety and Affordability: TOD overlays and mixed uses allow increases in density and floor area ratio to develop in commercial centers where the underlying zoning would not otherwise permit.
- Compact Development: Development around station areas is compact, with medium to high densities.
- Neighborhood Center: Transit station areas are complemented by concentrations of business, civic and cultural activities that support vibrant street life.
- Parking Management: Parking around transit station areas is limited and requirements are reduced.
- Pedestrian and Bicycle Friendly Design: Streets around transit station areas encourage walking and bicycling.
- Links Job Centers With Transit: Jobs tend to cluster along major urban travel corridors. Transforming these job centers into compact, mixed-use districts increases commute trips and riders of mass transit.⁵²

An overlay could be applied to a variety of areas; for example, a neighborhood bus-transfer center or a commuter rail station. The size of the district and degree of development intensity permitted by the district is tied to the size of the transit center. Urban centers are often served by transit hubs and make great places to apply TOD overlays.

Along these lines, the Puget Sound Regional Council and the Thurston County Regional Planning Council are developing “Corridor Action Strategies.” These strategies focus on the ways and means to develop more jobs and housing in areas associated with transit investments. Catalyst demonstration and case study projects include corridor neighborhoods in Tacoma’s South Downtown, East King County’s Bel-Red Corridor, Northgate in Seattle and Capital Boulevard in Tumwater. The plans implemented in these areas will become templates for sustainable development throughout the state.

⁵² Center for Transit-Oriented Development, *Planning for TOD at the Regional Scale*, page 6

- *More Information*
 - [RECONNECTING AMERICA](#)
 - [CENTER FOR TRANSIT-ORIENTED DEVELOPMENT](#)
 - [CENTER FOR NEIGHBORHOOD TECHNOLOGY](#)
 - Examples:
 - City of Vancouver, WA: [TRANSIT OVERLAY DISTRICT CODE](#)
 - Seattle: [STATION AREA PLAN](#)

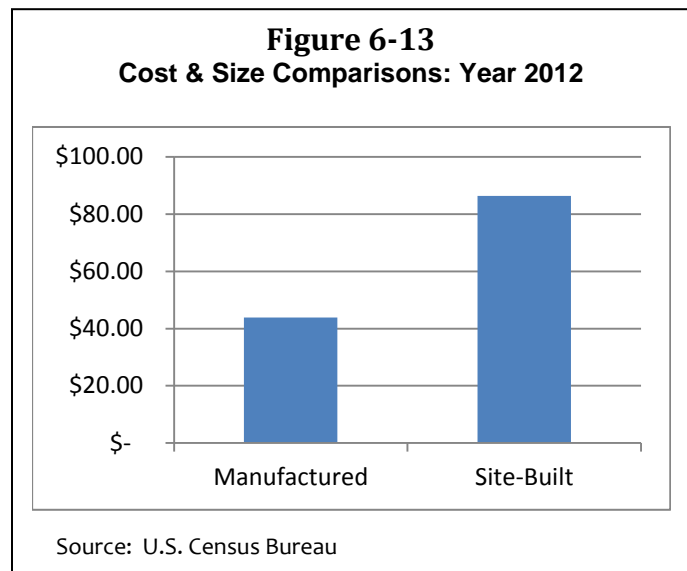
SPECIAL NEEDS HOUSING

GMA requires housing elements to: “identify sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities.”⁵³

Manufactured Housing

Manufactured homes offer affordable housing choices in communities throughout Washington State. Manufactured homes refer to mobile housing constructed after 1976. Compared to mobile housing constructed prior to 1976, manufactured housing meets a rigorous set of building code requirements.

The Manufactured Home Institute estimates a manufactured home costs less than half the cost of a site-built home. Manufactured housing appears on both single-family lots and in manufactured home parks.



The Washington State legislature found national manufactured housing construction standards (42 U.S.C. Sec. 5401-5403) were equivalent to the state's uniform building code. They enacted legislation to require allowing manufactured housing on single-family lots.⁵⁴ They must comply with the local design standards applicable to other homes in the neighborhood; for instance, placement of manufactured homes on a permanent foundation.

⁵³ RCW 36.70A.070(2)(c)

⁵⁴ RCW 35.21.684, 35.63.160, 35A.21.312, and 36.01.225

Prior to 2008 the total number of manufactured housing communities declined. Many converted into subdivisions. Some communities enacted ordinances designed to preserve manufactured home communities. They recognize closure of manufactured housing as a public safety issue that may result in the dislocation of homeowners, in particular senior citizens. Jurisdictions can protect manufactured home communities in the following ways:

- Creating zoning classifications or standards that restrict other uses.
 - Enacting mobile home park conversion ordinances.
 - Exempting manufactured homes relocated due to park closures from new building regulations.
 - Purchasing/transferring land development rights associated with the underlying property.
- *More Information*
 - [COMMERCE OFFICE OF MANUFACTURED HOUSING](#)
 - [MRSC: LOCAL LAND USE REGULATION OF MANUFACTURED HOUSING](#)
 - [EXAMPLES OF MANUFACTURED HOME PARK ZONES](#)
 - [LYNNWOOD: LYNNWOOD MUNICIPAL CODE](#)
 - [BOTHELL: LAND USE ELEMENT OF COMPREHENSIVE PLAN \[PDF\] AND BOTHELL MUNICIPAL CODE \(SECTION 12.04.100\)](#)
 - [TUMWATER MHP MANUFACTURED HOME PARK ZONE \(TMC 18.49\)](#)

Multi-Family Housing:

Multifamily housing refers to a broad range of residential development types that are characterized by multiple dwelling units contained in a single building or otherwise adjoined by shared walls. Multifamily development may be constructed at different scales (e.g., low-rise, mid-rise, high-rise) depending on the character of the neighborhood. It may also include different types of tenure (e.g., condominiums) and range of different incomes.

Multi-Unit Housing Tax Incentives (RCW 84.14): In 2007, the state Legislature adopted the multi-unit housing property tax exemption aimed at stimulating new or enhanced residential opportunities in urban centers and achieving the housing goal mandated by the GMA. Jurisdictions planning under the GMA that meet the eligibility requirements can offer up to 12 years (if affordable housing is provided) of property tax exemption to developers for building multiple-unit housing of four or more units in a residential targeted area in the urban growth area as designated by the jurisdiction. The units developed under this program could be rental, home- ownership housing or a mix of both.

- *More Information:*
 - [WASHINGTON STATE LEGISLATION](#)
 - [STATE DEPARTMENT OF COMMERCE REPORT](#)
 - [MRSC TAX EXEMPTION](#)
 - [CITY OF SEATTLE MFTE PROGRAM](#)
 - [CITY OF SPOKANE MFTE PROGRAM](#)

Condominiums or condos provide a form of housing similar to apartments. They look essentially the same. What defines one from the other is the form of ownership. Condo owners own the air space above the ground upon which it sits. Their property boundaries are determined by a legal document known as a Declaration, which condominium owners record. Condominium owners can sell and transfer ownership of the condominium. Anything outside the condo boundary is held in an undivided ownership interest by a corporation known as a “master association.” Master associations are profit or non-profit corporations that exercise powers on behalf of the entire condominium development.⁵⁵ A condominium generally costs less than a similarly sized single-family home. Even with the HOA fees, which are used for maintenance of shared features like landscaping, the total monthly costs tend to be lower. Condominiums also offer amenities such as maintenance-free living and convenient locations. Condominiums often appear in mixed-use developments.

Micro-units present another form of multi-family housing. They are relatively small housing units – even smaller than a typical apartment. These smaller units appeal to young, single professionals who want the convenience of living in a high-cost city but at a lower rental price. They often have not yet accumulated extra stuff. The emergency of e-books, online video streaming and digital music means they do not need space to store books, movies or compact discs. In some cases, they have multipurpose furniture like a lofted bed with a desk or chest of drawers underneath it.

Other than smaller, micro-units differ from apartments in other ways. In Seattle, micro-units are groupings of up to eight residents within a household who share a common kitchen. Each resident has a bedroom with a private bathroom. Micro-housing may take the form of townhouses, rowhouses, or even apartment like structures. They represent a group housing arrangement similar to college dormitories.

Micro-units require unique design criteria and development regulations. For instance, the City of Seattle limits them only to areas designated for multifamily housing. Seattle requires off-street parking; although at a reduced rate compared to apartments. They require parking for bicycles. Seattle address the livability of micro-units by making sure they have adequate common area for functions such as cooking, dining, doing laundry and social

⁵⁵ RCW 64.34: Condominiums

gatherings. They require the total amount of common space such as shared kitchens or lounges be at least 10% of the area in all of the building's sleeping rooms.

- *More Information*

- [WASHINGTON MULTI-FAMILY HOUSING ASSOCIATION](#)
- [WASHINGTON STATE CHAPTER COMMUNITY ASSOCIATIONS INSTITUTE](#)
- [CITY OF SEATTLE MICRO-HOUSING REGULATIONS](#)

Group Homes and Foster Care Facilities:

From the perspective of property taxes, the term "group home" means a single-family dwelling financed, in whole or in part, by a non-profit organization that provides rental housing to very low-income households. The residents of a group home do not jointly constitute a household, but rather each resident is a separate household occupying a separate dwelling unit.⁵⁶

Sometimes, but not always, housing is provided by organizations that also offer various services for individuals with disabilities living in the group homes. The operator of these group homes, rather than the individuals who live in the home, interacts with local government in seeking permits and making requests for reasonable accommodations on behalf of those individuals.

In addition to the requirements for housing elements, GMA also stipulates:

*"Treatment of residential structures occupied by persons with handicaps. No county or city that plans or elects to plan under this chapter may enact or maintain an ordinance, development regulation, zoning regulation or official control, policy, or administrative practice which treats a residential structure occupied by persons with handicaps differently than a similar residential structure occupied by a family or other unrelated individuals. As used in this section, "handicaps" are as defined in the federal fair housing amendments act of 1988 (42 U.S.C. Sec. 3602)."*⁵⁷

The above reference defines a handicapped person to include (1) individuals with a physical or mental impairment that substantially limits one or more major life activities; (2) individuals who are regarded as having such impairment; and (3) individuals with a record of such impairment. The term "physical or mental impairment" includes, but is not limited to, such diseases and conditions as cerebral palsy, autism, epilepsy, muscular dystrophy, multiple sclerosis, Human Immunodeficiency Virus Infection (HIV), mental retardation, emotional illness, drug addiction (other than addiction caused by current, illegal use of a controlled substance) and alcoholism.

⁵⁶ RCW 84.36.560(7)(a)

⁵⁷ RCW 36.70A.410

In regards to land use policies, residential structures refer to the use of the building or property rather than the building or property itself. In other words, cities and counties may not treat structures that house handicapped people differently than structures that house anyone else. This prohibition includes modifications to the building. Cities and counties cannot prohibit reasonable accommodations that allow handicapped people access to their property or the use of features within their property.

In addition, cities and counties must have development regulations that make accessible to handicapped persons commercial structures and apartments that provide more than four units. Housing consisting of four or more units that were built for first occupancy after March 13 1991 must comply with the seven design and construction requirements of the Fair Housing Act. These requirements include:

- Accessible Entrance on an Accessible Route
- Accessible Public and Common-Use Areas
- Usable Doors and Accessible Routes Into and Through the Dwelling Unit
- Accessible Light Switches, Electrical Outlets, Thermostats, and Environmental Controls
- Reinforced Walls in Bathrooms
- Usable Kitchens and Bathrooms

The above requirements do not prohibit local governments from regulating land use as long as they do not discriminate against the residents on the basis of handicap (or disability). For instance, they may enact occupancy limits provided these limits apply to everybody. For example, development regulations that cap the total number of people who can occupy a housing unit protect public safety – provided the regulation applies to everybody regardless of the physical abilities and familial status.

Some jurisdictions encourage the use of “Universal Design Standards.” Universal design strives to use building features and elements that, to the greatest extent possible, can be used by everybody. For example, standard electrical receptacles can be placed higher than usual above the floor, standard for wider doors can be selected, and steps at entrances can be eliminated to make housing more universally accessible to all.

○ *More Information*

- [WASHINGTON STATE DEPARTMENT OF SOCIAL AND HEALTH SERVICES, DEVELOPMENTAL DISABILITIES DIVISION](#)
- [DISABILITY RIGHTS WASHINGTON](#)
- [COLUMBIA LEGAL SERVICES](#)

Overcrowding

Every two years the U.S. Census Bureau conducts its “American Housing Survey.” This survey provides information on a wide variety of housing subjects – including overcrowding.

Overcrowded living units measure the likelihood of various public health concerns. Undoubtedly a number of other factors contribute to poor health conditions. For instance, overcrowded housing is symptomatic of poverty, lack of health care, poor diets and a number of other living conditions that affect health. Nonetheless, overcrowded living units provide one of many measurements where certain health conditions may become more prevalent. HUD references the following study done in Great Britain in its report, *Measuring Overcrowding in Housing*.⁵⁸

Figure 6-14
Increased Incidences Relative to Overcrowding⁵⁹

Measure	Persons Per Room
Physical Health	
Child Mortality	> 1.50 prp
Respiratory Conditions	>1.00 prp
Children’s Bronchitis	> 1.50 prp
Meningococcal Disease in Children Under 5 Yrs.	> 1.50 prp
Stomach Cancer Mortality	>1.00 prp
Mental Health	
Psychiatric Symptoms	>1.00 prp
Mental Illness	>0.75 prp
Reading and Mathematical Testing	> 1.50 prp
Personal Safety	
Accidents	> 1.50 prp
Child Maltreatment	>1.00 prp

Statistics regarding overcrowding or “under-housed” living units also points to several potential concerns and problems. For instance, overcrowded housing indicates the size of a community’s potential homeless population. Overcrowding is one of the most common causes of homelessness (<http://nlihc.org/article/overcrowding-most-common-cause-homelessness>). Communities or neighborhoods with above average persons per room rates will likely have a relatively large homeless population.

⁵⁸ Office of Policy Development and Research, *Measuring Overcrowding in Housing*, U.S. Dept. of Housing and Urban Development, September 2007, page 3

⁵⁹ Ibid

Although the definition of overcrowded housing may vary from household to household, some common standards exist. HUD funded housing must comply with occupancy standards that stipulate the number of occupants per bedroom. A HUD Notice of Statement of Policy published in the Federal Register on December 18, 1998, states that “...an occupancy policy of two persons in a bedroom, as a general rule, is reasonable under the Fair Housing Act.”

Another common standard is persons per room. This statistic is available in the American Housing Survey. A common definition is a housing unit with more than one person per room would be considered overcrowded. For instance, a household with five people living in a two-bedroom apartment with a living room, kitchen and bathroom (five rooms).

Another metric is square feet per person. *Measuring Overcrowding in Housing* defines overcrowded housing units as having less than 165 square feet per person. In other words, a four-person household living in a housing unit of less than 600 square feet would be considered overcrowded.

Overcrowded housing has always been a relatively small percentage of total housing units. According to the American Housing Survey, approximately 76 percent of all housing units have less than 0.50 persons per room. Approximately 67 percent of rental housing has less than 0.50 persons per room. Out of the remaining 33 percent of rental units, only five percent have more than one person per room.

- *More Information*

- [HUD’S MEASURING OVERCROWDING IN HOUSING](#)
- [Sustainable Communities Index \(see HH.1.e – Overcrowding\)](#)

SOCIAL EQUITY

Recent studies suggest that inequality hinders growth, while greater racial and social inclusion corresponds with more robust economic growth (*America’s Tomorrow: Equity Is the Superior Growth Model*, PolicyLink, 2011). Equitable development requires deliberate consideration of social equity impacts. It requires implementation of strategies designed to make certain that disadvantaged communities participate in, and benefit from, decisions that determine the course of development in their neighborhoods and regions.

“Social Equity means all people can attain the resources and opportunities that improve their quality of life and enable them to reach their full potential. Addressing the history of inequities in the systems we work in and their on-going impacts in our communities is a shared responsibility. Social equity also means that those affected by poverty, communities of color, and historically marginalized communities have leadership and influence in decision making

processes, planning, and policy-making. Together we can leverage our collective resources to create communities of opportunity.”⁶⁰

GMA strives to protect property owners from “arbitrary and discriminatory actions” (GMA Goal No. 6). Many jurisdictions have fair housing laws designed to protect the rights of all residents – including tenants. These laws prohibit discrimination because of race, color, national origin, religion, gender, disability, familial status and sexual orientation. Local fair housing laws may cover additional groups such as marital status, age and participation in Section 8 Programs.

The Housing for Older Persons Act (HOPA) is an amendment to the federal Fair Housing Act. Under this law, a housing development that qualifies as senior housing can refuse to rent to families with children provided it meet these requirements.

1. HUD designated elderly housing.
2. Housing for residents who are 62 or older, whether private or assisted
3. Housing intended and operated for occupancy by residents who are 55 years of age or older. For 55 or older housing, the following criteria must be met:
 - a. At least 80 percent of the occupied rentals are occupied by at least one person who is 55 years of age or older; and
 - b. The owner or management of the housing facility/community must publish and adhere to policies and procedures that demonstrate an intent to provide housing for persons 55 or older; and
 - c. The facility or housing community complies with rules issued by HUD for verification of occupancy through reliable surveys and affidavits.

HOPA covers housing communities or facilities that are governed by a common set of rules, regulations or restrictions. Typical examples include: a condominium association, a cooperative, homeowner/tenant associations, leased property under common private ownership, manufactured housing community, mobile home park and land use designations that specifically focus on housing for older people.

The Fair Housing Act gives the Department of Housing and Urban Development the power to investigate complaints of discrimination, including complaints about local government using its land use and zoning laws to unlawfully discriminate. In matters involving zoning and land use, HUD refers the matter to the Department of Justice which, in its discretion, may decide to sue the local government.

⁶⁰ Puget Sound Regional Council, Equity, Opportunity, And Sustainability In The Central Puget Sound Region, May 2012, Page 3 – 4

Local governments ought to do more than just not discriminate. The Fair Housing Act, along with other regulations, encourages local governments to take steps to affirmatively further fair housing. While there is no statutory definition of Affirmatively Furthering Fair Housing Goals, HUD offers the following suggestions.⁶¹

- Analyzing and eliminating housing discrimination in the jurisdiction;
- Promoting fair housing choice for all persons;
- Providing opportunities for inclusive patterns of housing occupancy, regardless of race, color, religion, sex, familial status, disability, and national origin;
- Promoting housing that is structurally accessible to and usable by all persons, particularly persons with disabilities; and
- Fostering compliance with the non-discrimination provision of the Fair Housing Act

Many communities enact ordinances or policies regarding fair housing. Typically, these ordinances or policies designate a local government official or an agency as the responsible entity to process fair housing complaints. The following organizations advocate for fair housing. They also provide training, education and outreach.

- *More Information*
 - [FAIR HOUSING IN WASHINGTON STATE](#)
 - [FAIR HOUSING CENTER OF WASHINGTON:](#) Phone 253-274-9523
 - [NORTHWEST FAIR HOUSING ALLIANCE:](#) Phone 509-325-2655

61 Office of Fair Housing and Equal Opportunity, Fair Housing Planning Guide, U.S. Dept. of Housing and Urban Development, March, 1996

CHAPTER 7

GOALS, POLICIES AND MONITORING

The previous chapters show ways to gather information and analyze it. This analysis will lead to some conclusions about issues, concerns or problems. Chapter 7 discusses the development of policies or guidelines to fix those problems, resolve those issues or keep those concerns from reoccurring.

No single solution or cookbook exists that will solve every community's issues or problems regarding housing. Each community is different from other communities. What may work in one town may not work in another. Solutions to housing issues and problems will vary among communities.

This guidebook focuses on how to organize the housing element into a logical process. It presents a process that identifies problems based on data regarding the unique characteristics of a local housing market. This data leads to the development of goals and policies to accomplish specific results that will address housing issues and problems.

This logical process represents a framework of specific goals and policies. Framework refers to an agenda of potential actions to achieve certain desired results. Initial parts of this framework were discussed in previous chapters. This chapter outlines some examples of different housing policy frameworks. Examples will range from generic to problem-specific policy frameworks. They include formats applicable to urban and rural settings.

Chapter 7 focuses on housing policy frameworks in general. Although these frameworks include affordable housing; the next chapter, *Chapter 8: Affordable Housing and Consolidated Plan* will present policy frameworks that ramp-up communities' affordable housing efforts.

After the housing element is adopted, part of implementing it will include occasionally monitoring it. This chapter will end with an encouragement to tell or remind the public and stakeholders about what the housing element is intended to accomplish. At the same time, reach out to the public and ask about challenges they are encountering along the way.

HOUSING GOALS AND POLICIES = POLICY FRAMEWORK

Local governments face a host of tough problems. These problems seldom lend themselves to easy solutions. Resolving these problems requires more attention and work than what one person or one agency can do.

Resolving these problems can sometimes take a few years. For instance, the housing element covers a span of 20 years. A lot can happen over such a long period. Nonetheless, the housing element needs to remain relevant. For this reason, the solutions proposed by housing elements tend to focus more on process or desired results rather than specific activities.

The housing element represents a systematic development of a course of action. This course of action becomes apparent in the goals and policies. The housing element includes a series of goals that proclaim intended results. It outlines policies that provide directions regarding how to achieve these goals. Taken together, these goals and policies form the framework to tackle a community's housing issues or problems.

The policy framework proposed by the Growth Management Act is described in more detail in the Washington Administrative Code (WAC). In particular, it appears in WAC 365.196.410(2): Recommendations for meeting requirements (of the housing element). The headings in this section form an outline that looks like this:

- Housing Goals and Policies
- Housing Inventory
- Housing Needs Analysis
- Housing Targets or Capacity
- Affordable Housing
- Implementation Plan

The contents of WAC 365.196.410(2) became the subject of this guidebook. Each of these headings introduces dozens of recommendations that were presented in previous chapters and sections. This guidebook expanded the above outline to include these other important recommendations presented in WAC 365.196.410(2). It organized them into a logical sequence to put together the housing element. The resulting policy framework looks like this:

- Gather Information (Housing Inventory / Housing Profile / Market Analysis)
- Define the Problem (Housing Needs Analysis)
- Identify Housing Targets (Housing Targets or Capacity)
- Establish Capacity (Housing Targets or Capacity)
- Consider Alternatives (Affordable Housing)

- Note Desired Market Factors (Implementation Plan)
- List Reasonable Measures To Take When Problems Occur (Implementation Plan)
- Goals and Policies (Goals and Policies)
- Reach Out To The Community (Implementation Plan)
- Tell Your Story (Implementation Plan)
- Repeat All Of The Above (at least once every eight years)

Although individual housing elements may not follow the above policy framework exactly, it should touch on each of these factors somewhere within its contents.

This chapter focuses on goals, policies and monitoring. The contents for particular goals and policies were presented in Chapter 6: Tools and Strategies. This chapter, Chapter 7, presents ways to organize the housing element's goals and policies into an implementable plan. It refers to all of the proposed goals and policies as a policy framework. This chapter will outline various housing policy frameworks to achieve certain desired results.

The section pertaining to monitoring the housing element after its adoption focuses on maintaining the public dialogue created when drafting the housing element. This section is titled – Tell Your Story. It presents a communication plan that enables periodic monitoring of the housing element between updates (e.g., over eight years).

KEY POINT

Goals and Policies

Obviously, when the housing element is finished, it needs to make sense. It needs to pass the taxicab driver test; in other words, a taxicab driver understands it well enough to explain it during a trip through city streets. To pass this test, the housing element should present a logical, easily understood way to accomplish some mutually desired results.

Towards this end, the housing element presents a logical framework of goals and policies. Goal statements present the desired results or the outcome. Policy statements express the intent of specific actions in specific circumstances, or they may offer guidance regarding what action to take when specific circumstances occur.

Both goal and policy statements refer to a specific topic. Each statement should include the values that the proposed actions will produce or generate. Finally, the intended actions described in the statement should be precise enough to easily understand. It needs to clearly show how these actions will produce or generate the desired values or results.

These goal and policy statements will provide guidance over the coming years. Planning commissioners will use them when they make their recommendations. Planning staff will

use them to draft new development regulations or interpret existing regulations. Residents will use these goal and policy statements to safeguard their vision of their community and the character of their neighborhoods.

Using Policy Frameworks

Policy frameworks present a logical structure of goals and policies to achieve certain desired results or outcomes. This framework should become apparent in the goals and policies section of the housing element. The path to the desired results or outcomes listed in the housing element should become clear.

The policy framework, or goals and policies, may appear at the beginning or the end of the housing element. Some prefer to start the housing element with their policy framework. The rest of the housing element explains how and why they propose these policies. Some claim the housing element's key objective is the acceptance and/or approval of the housing element. By putting the policy framework at the beginning of the housing element, it focuses attention more on the future and less on the past.

Others prefer to put their policy framework, or goals and policies, at the end of the housing element. They prefer to explain how and why before they present policies regarding what to do about it. Some claim this approach gets residents and stakeholders to agree on the nature of the problem before asking them to consider policies to resolve them.

In either case, housing policy frameworks (goals and policies) need to make sense. They need to identify the issues, concerns or problems that they propose to address. They need to describe the desired results or outcomes they plan to achieve. They need to lay out a logical sequence of activities that clearly relate to those desired results or outcomes. Finally, they need to pass the taxicab driver test. When asked, people should be able to explain what their local government plans to do to maintain the character of their neighborhoods and the sustainability of their housing market.

EXAMPLES OF HOUSING POLICY FRAMEWORKS

Housing policy frameworks come in all flavors. The following represent just a few examples. These examples focus more on a logical process to achieve certain results or outcomes rather than on specific strategies or activities. Both Chapter 5 (Housing Inventory and Needs Assessment) and Chapter 6 (Tools and Strategies to Address Housing Problems) present a number of potential strategies and actions to achieve these results or outcomes.

The policy frameworks presented in this chapter will not repeat what has already been said about various strategies and actions.

This chapter will instead focuses on the structure of the policy framework. It will focus on an agenda of goals and policies to achieve different results. For more information about the

strategies and actions proposed by these policy frameworks, please review the appropriate sections in the previous chapters.

GMA Housing Policy Framework

Washington’s Growth Management Act (GMA) presents a “generic” policy framework. It pertains to housing elements throughout the state. All housing policy frameworks in GMA planning jurisdictions need to address the topics outlined in the GMA policy framework.

Policy Intent or Purpose

The GMA policy framework helps assure the achievement of the goals outlined in the Growth Management Act. These goals range from maintaining the character of existing communities to safeguarding affordable housing choices in new communities. It advances a vision of Washington where communities offer residents affordable housing choices and a mix of housing types that meets the diverse lifestyles of Washington residents. It wants to ensure all residents have access to affordable housing, including people with special needs or physical disabilities.

Policy Framework

As previously discussed, the GMA’s policy framework becomes apparent in the Washington Administrative Code (WAC). WAC 365-196-410(2)(f) recommends an implementation plan. It includes the following goals and policies as required by GMA:

GMA HOUSING POLICY FRAMEWORK

- ***Preservation of Neighborhood Character***
 - Range Of Housing Choices
 - Assortment Of Housing Densities
 - Buildout Capacity Sufficient To Meet Population Targets
 - Market Factors That Preserve And Produce Housing
- ***Affordable Housing***
 - Affordable Housing Targets
 - Land Use Designations Will Achieve Affordable Housing Targets
 - Regulatory Reform
- ***Provision Of A Variety Of Housing Types And A Variety Of Densities***
 - Multifamily Housing
 - Manufactured Homes
 - Accessory Dwellings Units

- **Special Needs Housing Needs**
 - Low Income Housing
 - Group homes
 - Fair Housing
- **Monitoring and Evaluation**
 - Identify Thresholds
 - Reasonable Measures For When Problems Occur

For many cities, the above policy framework sufficiently addresses their housing issues, concerns and problems. For instance, a community with a mix of family incomes representative of the entire county indicates an adequate range of housing choices. In addition, this community may have sufficient land uses designated to meet its assigned population targets. Furthermore, its market factors may indicate a healthy and robust real estate market. In such a community, the GMA “generic” policy framework will assure maintaining the goals and policies outlined in the Growth Management Act.

On the other hand, some communities face some unique challenges and housing problems. They may want to consider a more expanded housing policy framework. They may want to consider one of the following examples.

Workforce Housing Framework

The term “workforce housing” has become a synonym for affordable housing – but it is really much more. Workforce housing represents a coordinated effort between employers, lenders, REALTOR®s and local governments. Together they strive to house workers closer to their places of employment.

Policy Intent or Purpose:

Workforce housing represents a policy framework designed to reduce the distance between a local community’s workforce and where members of that workforce live. Relative to the comprehensive plan, it combines specific housing policies with specific economic development policies to make both housing and wages/salaries livable.

Policy Framework

A number of agencies propose different strategies to develop workforce housing. For instance, the National Association of REALTOR®s (NAR), the nation’s largest trade association for real estate professionals, offers Ira Gribin Workforce Housing Grants. {Ira Gribin was a former president of the NAR.} The following housing policy framework was adapted from the criteria they use to evaluate eligible projects.

WORKFORCE HOUSING POLICY FRAMEWORK

Advocacy or Focus: Explicit focus on workforce housing, which could be defined by household income and/or particular job categories (e.g., teachers, nurses, public safety officers, etc.).

- **Construction, Repair, Adaptive Reuse:** Policies creating stand-alone programs or projects dedicated to just workforce housing, or at least the major emphasis of a program or project is workforce housing.
- **Community Outreach:** Community outreach includes a wide range of activities that involves contacting the public or certain subgroups, such as lenders and REALTOR®s, to sharing information about workforce housing needs.
- **Primary Partner(s):** At least one primary employer or labor organization that has an interest in housing supply and affordable housing issues.
- **Leveraging:** Use of public grants and/or employer financial assistance to make the housing affordable to the target labor force.
- **Continued Affordability:** Institutional controls that keep the units affordable to the target labor force. Institutional controls might include covenants, community land trust, or pre-emptive options to purchase the property at a price pre-determined by a formula.
- **REALTOR® Involvement & Education:** Real estate professions play a critical role relative to workforce housing. They connect workforce housing to the target labor force. They also develop employer-assistance programs to help finance homes (e.g., grants for closing costs or deferred loans to help reduce costs). In addition to general education about workforce housing and corresponding financial programs, some REALTOR® associations offer “Workforce Housing Specialist Certificates” and classes on employer-assisted housing.
- **Consumer Education:** Homebuyer education and landlord training play a vital role in keeping workforce housing programs going over the long term. It helps preserve these valuable housing assets. It creates a favorable long-term environment that benefits businesses and industries.
- **Public Access (Website):** Access to the program becomes another critical feature. Both prospective employers and buyers/tenants need to know how they can support and/or participate in the program or initiative. Nearly half of the Ira Gribin Workforce Housing Grant recipients provided on-line access to their programs.

NeighborWorks Housing Redevelopment Framework

NeighborWorks® America is a national nonprofit organization created by Congress to provide financial support, technical assistance and training for community-based revitalization efforts.

Policy Intent or Purpose:

NeighborWorks sees redevelopment as improving choices, opportunities and outcomes for residents. They strive to empower residents to play a meaningful role in planning the development of their communities. NeighborWorks focuses on communities hit hard during the housing and foreclosure crisis. They want to address the root causes of the crisis.

Policy Framework

NeighborWorks claims “responsible redevelopment” consists of the following twelve, core elements (or policy framework):

NEIGHBORWORKS HOUSING POLICY STRATEGY

- **Authentic Engagement:** An engagement process that provides consequential involvement of affected stakeholders and community-based organizations in planning, design, implementation, and evaluation activities.
- **Capacity Building:** Providing support and technical assistance to residents and community-based organizations to build their capacity to interact and negotiate in a meaningful way with developers, municipal officials, and other powerful stakeholders.
- **Community Benefits:** Developer agreements and other legally-binding arrangements that provide tangible benefits (e.g. economic inclusion provisions, job opportunities for area residents, dedicated affordable housing units) to residents of the target neighborhoods.
- **Community Ownership and Wealth Building:** Allowing community ownership of new businesses and commercial enterprises (e.g., community land trust, business incubators, etc.) in redevelopment area as a way to build assets for lower-income individuals, their families, and their broader community
- **Hardwiring Affordability:** Institutional controls that ensure housing remains affordable to lower-income residents over the long-term. Examples include creative use of tax credits, zoning policies, land trusts, shared appreciation mortgages, and other shared equity mechanisms.
- **Responsible Relocation:** If relocation becomes necessary, then assurances that relocation benefits includes assistance in finding quality replacement housing, legal and social services, job development and employment support, and the right to

return to their revitalized community through purchase or rental of new or rehabbed affordable housing.

- **Responsible Demolition:** A concerted effort to remove dilapidated and dangerous buildings, along with other contaminants; or services and support necessary to rehabilitate structures that present health risks to residents, workers, and the public are minimized.
- **Building Mixed-Income Communities:** Making a deliberate and sustained effort to promote and create diverse communities that provide choice and opportunity for residents of all income levels.
- **Schools and Integrated Services:** Developing and maintaining high-quality schools and school-readiness programs along with recreation, health, and after-school activities.
- **Transit-Oriented Development (TOD):** Incorporating public transit in land use and developments with the explicit intent to reduce the transportation costs for residents of all income levels, particularly lower-income levels.
- **Anchor Institutions:** Using the placement of “anchor institutions” such as hospitals, colleges, universities, businesses, and other entities rooted in communities into locations that catalyze and sustain redevelopment activities in target neighborhoods.
- **Sustainable Partnerships and the Need for Champions:** Public-private partnerships among a wide range of stakeholders with various goals, interests, and levels of power. Assure that champions — whether public, private, or philanthropic— have access to decisions makers along with the opportunity to influence them and/or participate in the decision-making process.

Opportunity Index / Site-Based Affordable Housing Framework

Puget Sound Regional Council (PSRC), in partnership with the Kirwan Institute for the Study of Race and Ethnicity, developed maps using identified community assets. These maps show each community has its unique needs and challenges. They also have their unique strengths. They possess certain features that can improve the quality of life of individual residents and the community as a whole.

PSRC referred to these strengths or assets as “geographic opportunities.” Their analysis found that much of the HUD site-based affordable housing was located within close proximity to areas of geographic opportunities. They conclude this finding represents a strength that the region should leverage and build upon.

PSRC emphasizes looking at ways to improve the mobility of low-income residents. By targeting resources, programming and partnering around identified strengths or assets, the social and economic sustainability of the region will grow stronger. PSRC went on to recommend a “Site-Based Affordable Housing” approach.

Policy Intent or Purpose:

PSRC's site-based housing strategy sees a community with interconnected geographic opportunities. These opportunities make the overall community a fair and healthy environment. These connections create a community with a diverse mix of cultural assets and amenities with equal and adequate services and infrastructure. The community offers affordable housing choices and economic opportunities, particularly for low-income and minority residents. By connecting all these assets, the community becomes a vibrant and prosperous place to live, learn, play and work.

Policy Framework

PSRC's "Communities of Opportunity" framework uses a set of indicators as its key driver. These indicators convert into a comprehensive index of opportunities for all census tracts within the planning area. The figure below shows the indicators and categories PSRC chose to capture the region's geography of opportunity.

**Figure 7-1
Development Opportunity Index⁶²**

Education	Economic Health	Neighborhood & Housing Quality	Mobility & Transportation	Health & Environment
<ul style="list-style-type: none">• Math Test Scores• Reading Test Scores• Student Poverty• Teacher Qualifications• Graduation Rates	<ul style="list-style-type: none">• Access To Living Wage Jobs• Job Growth Trends• Unemployment Rate	<ul style="list-style-type: none">• Vacancy Rate• Foreclosure Rate• High Cost Loan Rate• Housing Stock Condition• Crime Index	<ul style="list-style-type: none">• Cost Per Community• Proximity To Express Bus Stops• Average Transit Fare Cost• Percent Of Commuters Who Walk	<ul style="list-style-type: none">• Distance To Nearest Park Of Open Space• Proximity To Toxic Waste Sites• Percent Of Area That Is Within A Food Source

PSRC suggest setting benchmarks and then developing strategies to achieve them. They propose using asset mapping to both develop and promote affordable housing choices in areas of high opportunity.

⁶² PSRC, Equity, Opportunity and Sustainability in the Puget Sound: A Study of the Region's Geography of Opportunity, May 2012, page 6

COMMUNITIES OF OPPORTUNITY FRAMEWORK

- **Use Asset Mapping to Develop and Promote Affordable Housing Choices in Areas of High Opportunity:** A myriad of factors define an area as rich in opportunities. Education sits at the top of the list. Education for both young people and adults represents the most defining characteristic of opportunity. Other assets include long-term employment, commercial and retail services for all income groups, stable neighborhoods with a variety of affordable housing choices and an environment where people feel safe from crime and environmental hazards.
- **Emphasize Linkages To Opportunity:** Areas of high opportunity provide residents with a clear connection between opportunity-assets and places people live. Mobility in areas of high opportunity represents more than the ease to move from one spot to the next. It represents a means to social and vocational mobility as well.
- **Invest In The Fundamentals Of Opportunity:** The Communities of Opportunity Model combines housing and mobility strategies. This combination improves regional access to opportunity. It requires a comprehensive and robust investment in developing a regional opportunity landscape – particularly in areas of need. This investment entails assessing the educational, job training and affordable housing challenges in low opportunity areas and then directing investment and collaborative solutions to overcome those challenges.
- **Balance the Three “E”s - Social Equity, the Economy and the Environment:** Imbalances between these three “E”s impacts the health and vitality of the entire region. It creates marginalized communities. Lack of balance increase the cost in both wasted human capital and public investment. Success depends on a triple bottom line whereby all three “E”s show a positive return.

Rural Housing Policy Framework

Rural communities struggle and work on housing issues just like urban cities. However, the challenges they face, and subsequently the strategies they employ, differ quite a bit from those in urban areas.

Policy makers in rural communities work in areas that are geographically isolated. Long distances typically exist between towns and communities. They work in communities with smaller populations. Consequently, they have less human capital to pull from. For these reasons, housing policy-makers tend to work on a regional scale. Their approaches often appear rather innovative due to the many challenges they sometimes seem to tackle with a single housing development or housing initiative.

Policy Intent or Purpose:

In addition to the GMA housing policy framework, policy-makers in rural communities strive to overcome four main challenges.

- Isolation: Almost by definition, the rural landscape has more isolated communities with fewer people in and around them. Distances between communities means everybody depends on cars for transportation. Fewer basic institutions make up the investment environment. Planners, developers and non-profit housing providers often play multiple roles to make up for the lack of supporting organizations. Housing goals, policies and strategies must bridge these geographic constraints.
- Lack of Human Capital: Lack of people presents a number of challenges. Since rural community leaders often wear many hats, the loss of one “spark plug” can devastate a small community. The crunch for people also means that organizational capacity is often thin. Rural communities have fewer banks and fewer specialized lenders in those banks. The need for a regional perspective becomes an inevitable necessity to gather the talent and resources to implement housing policies.
- Poverty and Low Income: Nearly three-fourths of Washington’s cities reside outside of a metropolitan statistical area. Roughly two-thirds of these cities have populations of less than 10,000 people. Among these cities, nearly one-fourth of the residents live in poverty. Chronically poor rural areas share much in common with inner-city neighborhoods. Poor people are concentrated and community institutions lack resources to help them. Struggling families expect policy-makers in these rural communities to provide the same level of services comparable to larger cities.
- Preservation of Heritage Economies and Working Landscapes: Many policy-makers in rural communities face the dilemma of ushering in new economies while, at the same time, preserving the old economies that defined their communities. The housing policies they develop must walk this line as well.

Rural Housing Policy Framework

As mentioned, the rural landscape presents some unique challenges; but, at the same time, it offers significant opportunities for future development. These developments often hinge on the deliberate integration of rural and urban services. Policies sometimes look like efforts to get small towns more “city-like” while, at the same time, preserving their small and rural character. Towards this end, the rural housing policy-makers may want to add the following policies to the required GMA housing policy framework.

RURAL HOUSING POLICY FRAMEWORK ADDENDUM

- ***Policies that reduce rural isolation such as:***
 - strategies that create online access to institutional services such as healthcare, education, banks and other financial services.
 - strategies that reduce the local community's affordable housing-transportation index by reducing rural housing energy cost and increasing the life-cycle of rural housing.
- ***Policies that increase human capital through:***
 - regional planning and collaboration such as Councils of Government.
 - telecommunication strategies.
 - online expansion and promotion of Community Development Finance Institutions (CDFIs).
- ***Preservation of heritage economies and working landscapes with housing policies like:***
 - cohousing arrangements
 - horizontal mixed used developments (flexibility to place different, single floor uses on a common piece of ground).
 - master resort zones
 - cluster developments
- ***Policies that help alleviate poverty such as***
 - adaptive reuse of downtown commercial structures into mixed-use housing.
 - promotion of urban farming and regional food markets.
 - accommodating home occupations.
 - creating distribution networks for cottage industries.
 - weatherizing homes.
 - providing financial assistance for energy efficient appliances and other home improvements.

TELL YOUR STORY (MONITORING THE HOUSING ELEMENT)

In many ways, the housing element represents a monitoring tool. It includes nearly all the basic components. It collects and analyzes information about the housing market. It compares actual housing developments to various housing targets and goals. It discusses and outlines what needs to be done.

The housing element also represents a considerable investment in staff time and resources. Frequent updates are impractical. They could also create confusion, particularly if the goals and policies keep changing. GMA allows one amendment per year but requires an update at least once every eight years, which is frequent enough for most jurisdictions.

The emphasis should be on regular monitoring the status or progress status of the adopted policies. Some policies may require more frequent attention than once every eight years. Achievement of some goals and policies may need the help and cooperation of the entire community – in particular REALTOR®, developers, lenders, property managers, landowners and non-profit housing providers.

Achieving the goals and policies in the housing element involves periodically checking housing data to see how it compares to the goals and policies outlined in the housing element. This data provides critical information to policy makers – but it needs to reach them in a meaningful way.

The monitoring and evaluation aspects of a housing element act more like a communication plan. This plan includes gathering key information about the local market, but it also outlines how to distribute that information and what to do with it. At its core lays a way for interested residents and policy makers to get involved.

Housing Element Communication Plan

The goals and policies in the housing element should clearly articulate a policy framework. The housing element should also describe how the jurisdiction plans to communicate with and mobilize its community to achieve this policy framework. The goals and policies should explain:

- What the housing element proposes to accomplish.
- Key indicators to watch and follow (thresholds, benchmarks and key indicators).
- Intended audience/stakeholders
- How often to check-in with them (frequency of the monitoring tool).
- What to do with the information they provide (evaluation of the housing data).

Key Components of a Communication Plan

The following describes the key components of a housing element's communication plan.

Periodic Reminders

The housing element pertains to something very important to residents – their house or housing situation. It outlines various goals and policies that will directly affect them. A well-thought-out communication plan helps alleviate their fears and concerns.

Periodically residents will need a reminder about what the housing element plans to achieve. For instance, some communities have “housing summits” or they update their websites by plugging current information into some of the key tables in the housing element. This information promotes accountability and improves public confidence. It helps prevent misperceptions, stereotyping or spurious speculation. It serves to keep everybody focused and on-track toward mutually desirable goals and policies.

Key Indicators to Watch and Follow

The housing element includes a great deal of information. Some of this information will periodically change. These changes might trigger other policies such as reasonable measures. Policy-makers will periodically need to check this data when they consider actions they might need to take or not take.

The following are some examples of indicators. They are grouped into four broad categories. They pertain to strategies and activities described in Chapter 5: Housing Inventory and Needs Assessment and Chapter 6: Tools and Strategies to Address Housing Problems. Please refer to these chapters for more information about specific indicators.

- Buildout Capacity: Some changes effects the amount of land and/or designated land uses available for housing.
 - Annexations
 - Rezones Applications
 - Subdivision Plat Applications
 - Building Permits
 - ADU Permits
- Housing Affordability: A litmus test for affordability is the ability of the housing market to accommodate the housing needs of lower income households. Policy-makers may want to consider the following indicators.
 - Median Home and Rental Prices
 - Change in Number of Section 8 Vouchers
 - Emergency Housing Units or Beds Available

- Market Factors: The following indicators represent the general health of the local market. They represent just a few of the indicators available.
 - Vacancy Rates for Rental Housing
 - Number of Homes for Sale
 - Absorption Rate
 - Foreclosures
- Quality of Life Indicators: A number of indicators measure the quality of life and social equity. The following represent some that pertain to housing.
 - School Absentee Rates
 - Ratio of School Bus Riders versus Other Modes of Transportation
 - Number of Public Nuisance Complaints
 - Number of Fair Housing Complaints

Intended Audience

The list of people and agencies who might want to follow the housing element could easily become overwhelming. At the very least, the housing element may want to identify groups of people or stakeholders such as:

- City Council, Planning Commission and School Board
- Other City or County Boards and Commissions
- Associations of Real Estate Industry Professionals (e.g., REALTOR®s, architects, surveyors, appraisers, lenders, etc.)
- Newspapers and Other Relevant News Media
- Major Employers
- Other Interested Parties

Letting the public know what their local government plans to do regarding housing does not need to become an onerous task. Technology offers new opportunities for quick and cost-effective ways to distribute information, as well as reaching out and involving citizens.

New variations on public meetings and other improved outreach tools can allow a more thorough vetting of issues and exchange of information that results in better (and more widely embraced) plans and projects.

How Often

The housing element should include policy language regarding the frequency of periodic reports and updates. This policy provides a measure of accountability. It also gives policymakers the opportunity to check the housing element for necessary changes or updates.

Many counties and cities prepare an annual report based on the work they did to update their annual population estimate. They must track many of the above indicators when performing this update. Some mayors include this information in their annual “state of the city” address. Other cities report the information more frequently (e.g., monthly staff reports), and some report less frequently. To a large extent, the frequency of the report depends on the availability of the data and the demand for it from policymakers.

Another determining factor is the urgency to implement various policies in the housing element. Some of these policies may need attention sooner than later. For instance, when mobilizing help and cooperation becomes critically important, then more frequent reports tend to follow.

Finally, some communities resolve this issue all together by making information available on line and periodically updating it. Sometimes they create websites pertaining to a specific development or development issue. Other times, they may have information regarding general data and information about their city or county

What To Do With The Information

In some ways, the housing element becomes a city’s business plan. The housing element lays out a plan regarding how a community proposes to grow. Just like any business plan, policy makers compare actual data to the estimates and projects made in their plan. The same applies to the housing element.

Benchmarks can help accomplish this task. Implementing certain housing goals and policies housing may take several years. Benchmarks serve as mileposts to measure incremental progress along the way.

Some policy statements address certain concerns or issues that may or may not occur. In such a case, the housing element needs to explain when to worry about these concerns or issues, or under what conditions they might occur. Early detection of potential or growing problems may keep them from occurring or cause much harm and damage.

These benchmarks and thresholds also pertain to the capital facilities element of the comprehensive plan. RCW 36.70a.070 requires reassessment of the land use element in the event that probable funding falls short. Reassessment of the land use element most often includes changes in designated land use for housing, so it could also involve re-assessing the housing element.

Although required in the capital facilities element, a strategy regarding how to respond to funding shortfalls could also appear in the housing element. For instance, changing land use designations is one of the options to consider when a jurisdiction cannot afford to make the infrastructure improvements that new subdivisions might require. Including a strategy for when and how a jurisdiction might consider changes to land use designations could save everybody time and expense during the application and review process. The same logic applies to other options as well.

CHAPTER 8

AFFORDABLE HOUSING AND THE CONSOLIDATED PLAN

For most people, affordable housing means they can answer this question – Do I have enough money for this house or apartment and still have money left for my other expenses plus something left over for me? A resounding “YES” indicates an affordable house.

The above definition has so many different answers that it becomes meaningless. Furthermore, it really needs an answer from somebody else. Bankers, property managers and public agencies that subsidize housing payments pronounce the answer that really matters. They need to likewise proclaim a resounding “YES.”

The most commonly used definition of affordable housing comes from the federal Department of Housing and Urban Development (HUD). They establish definitions of affordability for a wide variety of housing programs and subsidies. According to HUD, affordable housing means:

“In general, housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities. Please note that some jurisdictions may define affordable housing based on other, locally determined criteria, and that this definition is intended solely as an approximate guideline or general rule of thumb.” (HUDUSER, Glossary of HUD Terms)

Defining affordable housing as 30 percent of household income leaves a number of gaps. For instance, it does not determine if a household spends more than 30 percent to live in a better quality house, neighborhood or school district. It does not account for the combined impact of housing and transportation cost. For example, household that pays 25 percent of income for a house gains nothing if they spend another 30 percent of their income just to commute to work. They will not have much money left for other expenses besides housing and transportation.

Finally, the 30 percent of income definition does not reflect the value that 30 percent represents in different income groups. A household who earns less than 50 percent of median income and who pays 30 percent of that income for housing will still not likely have enough money left over for other expenses. Previous chapters of this guidebook presented affordable housing strategies for all income groups. This chapter focuses on strategies for less affluent income groups.

LESS AFFLUENT INCOME GROUPS

Money and peanuts share this fact – you never seem to have enough. Most people categorize themselves as less affluent. However, when it comes to housing, the differences become very apparent. Income determines the size and quality of a family's home. In most cases, it determines the location of a family's home. In some cases, the lack of income means no housing at all.

Income Groups vs. Income Limits

Most people confuse income groups with income limits. The U.S. Census Bureau essentially determines income groups. You might say they divide the population into two groups – those with money and those without it.

The U.S. Census Bureau breaks the population into quintiles – five groups. Each group represents 20 percent of the population. For instance, the first quintile represents the lowest fifth of the data (1-20 percent); the second quintile represents the second fifth (21% - 40%) etc... Median household income sits at the center of this income range.

The only income group segregated by U.S. Census Bureau pertains to households that live in poverty. The Census Bureau defines poverty as households with incomes less than the "[poverty threshold](#)." The federal Department of Agriculture established poverty thresholds in the mid-1960s. It recognizes poverty as a lack of goods and services commonly taken for granted by members of mainstream society. Adjustments to the official threshold take into account inflation based on the consumer price index.

The poverty level for 2013 was set at \$23,550 (total yearly income) for a family of four. (2013 [HHS Poverty Guidelines](#), U.S. Department of Health & Human Services, January 2013) Most Americans (58.5 percent) will spend at least one year below the poverty line at some point between ages 25 and 75.⁶³ Poverty rates are persistently higher in rural and inner city parts of the country as compared to suburban areas

⁶³ Sandoval, Rank and Hirschl, "The Increasing Risk of Poverty Across the American Life Course", <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2831356/>

Income Limits

When it comes to housing, the term “income limits” is more applicable than “income groups.” Income limits pertains to maximum thresholds regarding eligibility for housing subsidies.

The Department of Housing and Urban Development (HUD) sets income limits that determine the eligibility of applicants for assisted housing programs. The major active assisted housing programs are the Public Housing program, the Section 8 Housing Choice Voucher program, Section 202 housing for the elderly program, and Section 811 housing for persons with disabilities program.

The statutory basis for HUD's income limit policies is Section 3 of the U.S. Housing Act of 1937. It established the following categories.

- Low-income families are defined as families whose incomes do not exceed 80 percent of the median family income for the area.
- Very low-income families are defined as families whose incomes do not exceed 50 percent of the median family income for the area.
- Very low-income limits (usually based on 50 percent of median family income) are most commonly used.

Federal legislation enacted a number of other programs with several different ways to define low income. These different income limits were intended to have progressive relationships. They take into account the nature of the goods or services the federal subsidy will help provide. Nonetheless, they also define low income as households that earn 30%, 50%, 60%, 65%, 80%, 95%, 100%, 115%, 120%, and 125% of median income.

Exhibit 8-1 list various federally subsidized housing programs. This list illustrates the tremendous range of income limits used among various federal programs. The only income group that seems to have consistency among all these different programs is “very low income” – which is 50 percent or less of median area family income. But even “very low income” gets adjusted relative to the fair market housing rents and the local housing market. Furthermore, some federal programs seem to recognize households that earn less than 30 percent of median income as something even below “very low income” – perhaps very, very low-income?

TIP SAVING TIP

Household vs. Family Income

HUD uses “median family income” to determine its income limits. The Census definition of family pertains to households with two or more people related by blood or marriage. It does not represent single person households or households of two or more people who are not related. Non-family households represent over one-third or more of a Washington’s total households. Planners waste a great deal of time trying to reconcile these different income metrics. Unless the plan pertains to a specific federally subsidized program, they should use and refer to “median household income.” Median family income is always higher than median household income. Using median household income to define income groups will reach the same conclusions as using median family incomes.

Figure 8-1

Various Definitions of Low Income Used In Federal Housing Programs

Source: U.S. Department of Housing and Urban Development, “FY 2013 HUD INCOME LIMITS BRIEFING MATERIAL,” December 11, 2012.

Federal Housing Program	Definition of Low Income
Public Housing and Section 8 Programs	Low-income families are defined as families whose incomes do not exceed 80 percent of the median family income for the area. Very low-income families are defined as families whose incomes do not exceed 50 percent of the median family income for the area. {A four-person very low-income limit is increased if it would otherwise be less than the amount at which 35 percent of it equals 85 percent of the annualized two-bedroom Section 8 fair market rent.}
Indian Housing Programs	"Low-Income" is defined as the greater of 80% of the median family income for the Indian area or of the U.S. national median family income.
HUD Section 365 Homeownership Program	95% of area median income or higher cost-based income limits
HUD Investment Partnerships	60 percent of median” and “65 percent of median” are used as income targeting and qualification requirements; both limits are tied to Section 8 income limit determinations.
National Homeownership Trust	95 percent of median is referenced as the eligible standard with a 115 percent of median standard for high cost areas
Low-income Housing Preservation and Resident Homeownership Act of 1990	“Moderate income” is defined as 80-95 percent of median, with “80 percent” defined as the Section 8 low-income standard.
Rural Housing and Community Development Service Rental and Ownership Assistance Programs	Same as public housing and Section 8 programs.
U.S. Treasury Multifamily Tax Subsidy Projects	Current standard is Section 8 very low-income standard or 120% of that definition (i.e., the “60%” of median standard) for projects determining income eligibility and rents who have not used income limits prior to FY 2012.

Figure 8-2

**Various Definitions of Low Income Used In Federal Housing Programs
(Continued)**

Federal Housing Program	Definition
U.S. Treasury Tax-Exempt Mortgage Revenue Bonds for Homeownership Financing	Generally set at 115% of area median income, with “115%” defined as 230% of the Section 8 very low-income standard.
U.S. Treasury Low-Income Housing Tax Credit Program Definition)	Areas, as defined by the Census and designated by HUD, where 50% of all households have incomes less than 60 percent of the area median family income, adjusted for household size, or the poverty rate is 25% or higher; such areas receive special additional tax benefits under this program; this calculation is based on 2000 Census data and income limit policies and area definitions in effect as of the date estimates are prepared.
FDIC Disposition of Multifamily Housing to Non-profit and Public Agencies	Not less than 35 percent of all dwelling units must be made available for occupancy and be affordable for low-income families, and at least 20 percent must be made available for occupancy and be affordable for very low-income families. An “affordable rent” is defined as the rent that would be paid by a family paying 30 percent of income for rent whose income is “65 percent of median”. This 65 percent figure is defined in relation to the very low-income standard (i.e., normally as 65/50ths of the standard)
FDIC Disposition of Single Family Housing to Non-profit and Public Agencies	For rentals, priority is given to non-profits and public agencies that make the dwellings affordable to low-income households. Households who intend to occupy a dwelling as their primary residence whose adjusted income does not exceed 115 percent of area median income, as determined by the Secretary of HUD, are given a purchase priority for the first 3 months a property is for sale.
Federal Home Loan Bank Rental Housing Program	Very low-income, “60 percent of median” (defined as 120% of very low-income), and low-income standards used
Federal Home Loan Bank Homeownership Programs	115 percent and 140 percent of median family income limits are used

Excessive Housing Costs

Excessive housing costs provide planners another metric used to determine the need for affordable housing. Excessive housing costs refer to households that spend 30 percent of their income for housing. This standard originated in the United States National Housing Act of 1937 and used ever since. Housing cost that exceed 30 percent of income is considered “burden” or “excessive”.

Computations of excessive housing costs use different factors for rental versus owner-occupied housing. HUD’s definition of gross housing costs varies among their different programs. They generally leave these details to local interpretation. Washington’s defines gross housing costs as follows:

- (A) In the case of dwelling units for sale, affordable housing has mortgages, amortization, taxes, insurance and condominium or association fees, if any, that consume no more than thirty percent of the owner's gross annual household income.
- (B) In the case of dwelling units for rent, affordable housing has rent and utility costs, as defined by the county or city, which cost no more than thirty percent of the tenant's gross annual household income. {WAC 365-196-410(e)(i)}

The above definition of gross housing costs for owner-occupied housing does not include property taxes, which oftentimes represents more than one-fourth of a homeowner’s monthly mortgage payment. Likewise, it leaves the definition of utility costs for renters up to local governments to determine.

Census data includes selected housing cost factors, including taxes and utilities. Its calculation of gross rent includes payments for “contract rent” and the “costs of utilities and fuels.” Its gross housing costs for owner occupied housing includes payments for mortgages, deeds of trust, contracts to purchase, or similar debts on the property (including payments for the first mortgage, second mortgage, home equity loans, and other junior mortgages); real estate taxes; fire, hazard, and flood insurance on the property, and the costs of utilities and fuels.

Census data breaks down house and rental cost as a percentage of household income. Figure 8-3 below compares excessive housing costs among several counties in the state of Washington. Over one-third of all the occupants of housing units in Washington have excessive housing costs. Renters are particularly hard hit. Approximately 48 percent of renters in Washington, nearly one million rental units, have excessive costs. In seven of Washington’s most populous counties, over half of the renters have excessive housing costs (Clark, Clallam, Cowlitz, Skagit, Spokane, Thurston and Whatcom).

Figure 8-3

**Excessive Housing Cost
State of Washington and Washington Counties**

	Total HU	Owner	% Total Owner	Renter	% Total Renter	Total # Excess	% Total HU
Washington	2,636,817	1,643,637	30%	993,180	48%	964,755	37%
Pierce	300,554	182,522	33%	118,032	49%	119,178	40%
Snohomish	270,568	178,606	34%	91,962	47%	104,266	39%
Clark	160,145	102,713	30%	57,432	53%	61,048	38%
Cowlitz	38,834	24,830	29%	14,004	53%	14,732	38%
King	804,062	457,472	32%	346,590	45%	303,388	38%
Whatcom	79,029	49,232	28%	29,797	53%	29,320	37%
Spokane	189,004	119,019	28%	69,985	52%	69,329	37%
Skagit	44,671	30,378	30%	14,293	51%	16,537	37%
Kitsap	97,027	66,361	32%	30,666	48%	35,819	37%
Thurston	102,335	67,658	28%	34,677	52%	37,102	36%
Chelan	27,458	17,963	32%	9,495	40%	9,491	35%
Clallam	30,044	21,016	26%	9,028	52%	10,220	34%
Island	32,954	21,627	28%	11,327	46%	11,344	34%
Yakima	78,472	48,712	25%	29,760	46%	26,029	33%
Lewis	30,134	20,244	25%	9,890	45%	9,513	32%
Grays Harbor	27,880	19,704	26%	8,176	39%	8,361	30%
Grant	30,543	18,427	24%	12,116	36%	8,920	29%
Franklin	24,270	15,776	23%	8,494	37%	6,746	28%
Benton	65,945	45,539	16%	20,406	46%	16,805	25%

Source: U.S. Census Bureau, Table B25106: "TENURE BY HOUSING COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME IN THE PAST 12 MONTHS," 2012 American Community Survey,

IMPORTANT ISSUES NOT TO OVERLOOK

Here are few important concepts to bear in mind when planning for affordable housing.

Chain of Exclusion

Traditional land use tools and policies can affect housing prices in a number of ways. For instance, they may alter the costs of construction and infrastructure. They may limit the number of lots within attractive residential areas. They may shift consumer expectations; for example, the trend from moderately sized houses (e.g., 1,200 square feet) to much larger houses (e.g., 2,000 square feet). These types of land use tools and policies work against the provision of affordable housing.

In general, low-density zoning – defined as zoning that restricts residential densities to fewer than eight housing units per acre – tends to reduce rental housing. This reduction, in turn, reduces the number of housing choices for less affluent households. Any affordable housing plan that fails to account for the prevalence of low-density housing only contributes to the problem of the lack of affordable housing.

NIMBY

Not-In-My-Back-Yard or NIMBY ranks high among the “chain of exclusion”. The term derives from a 1991 report of the Advisory Commission on Regulatory Barriers to Affordable Housing. The Commission defined it as “opposition by residents and public officials alike to additional or different kinds of housing units in their neighborhoods and communities.” (Chapter 1, Page 1)

This sentiment translates into codes and ordinances. The Commission found “the results are excessive growth controls, exclusionary zoning ordinances, un-necessarily drawn-out permitting processes, and arbitrary restrictions against special types of housing.” (ibid) They contend these results combine to make housing less affordable for many households.

The report found that NIMBY creates a regional affordable housing problem. While some communities may suffer from the lack of affordable housing choices, they expect other communities to satisfy that need. Instead of dealing with the negative side effects of growth and infrastructure financing, they essentially declare their communities as off limits. When several cities within a metropolitan area share this sentiment, then they essentially shut out households seeking affordable housing from the entire metropolitan area. (Chapter 1, Page 5) The entire region, perhaps the entire state, suffer from the consequences of shutting out households from locations closer to work, school and family support systems.

Regional Dimension of Affordable Housing

The term “region” means different things to different people. It tends to imply a common unity of some type. Relative to the Growth Management Act, region means at a minimum the county boundaries. In most cases, county boundaries more than encompass a jurisdiction’s region. But in some cases, for example – Puget Sound, a jurisdiction’s region may extend outside of county boundaries.

Transportation systems remain the one feature that consistently links relationships between housing, jobs and communities. It defines the regional perspective relative to the housing market. Just as regional landscapes follow a particular watershed, traffic-sheds likewise define the features of a region or metropolitan area.

Planning for affordable housing must take into consideration transportation – the key delineating feature of a region. People choose locations for housing relative to the commuting distance to work. For the most part, households consider housing and transportation costs as a singular cost of living. Planning for affordable housing without taking into consideration transportation cost will have counterproductive consequences for both housing and transportation at all levels of local and state government.

AFFORDABLE HOUSING PLANS

The Growth Management Act (GMA), requires local governments “make adequate provisions” for affordable housing. (RCW 36.70.070(2)(d)) In some cases, making adequate provisions includes creating incentives that result in more affordable housing choices for households with less affluent incomes. According to RCW 36.70A.540, these incentive programs need a plan.

RCW 36.70A.540: Affordable Housing Incentive Programs

The 2006 Legislature passed ESHB 2984 to encourage local governments to enact or expand affordable housing incentive programs. This law became RCW 36.70A.540. It creates mandatory requirements to which all new and updated incentive programs adopted in GMA comprehensive plans after 2006 must comply. It also lists optional requirements for local governments to consider. The suggested incentives include the following:

- Density bonuses within the urban growth area.
- Height and bulk bonuses.
- Fee waivers or exemptions
- Parking reductions
- Expedited permitting.
- Inclusionary Zoning.

RCW 36.70A.540 authorizes local governments to establish higher income limits than normally found in federally subsidized housing. It states:

“The legislative authority of a jurisdiction, after holding a public hearing, may also establish higher income levels for rental housing or for owner occupancy housing upon finding that higher income levels are needed to address local housing market conditions. The higher income level for rental housing may not exceed eighty percent of the county area median family income. The higher income level for owner occupancy housing may not exceed one hundred percent of the county area median family income.”

RCW 36.70A.540(h) suggested local governments consider “linkage fees”. RCW 36.70A.540(h) states

“Affordable housing incentive programs may allow a payment of money or property in lieu of low-income housing units if the jurisdiction determines that the payment achieves a result equal to or better than providing the affordable housing on-site, as long as the payment does not exceed the approximate cost of developing the same number and quality of housing units that would otherwise be developed. Any city or county shall use these funds or property to support the development of low-income housing, including support provided through loans or grants to public or private owners or developers of housing.”

It went on to enact some restrictions and limitations regarding affordable housing incentives. For instance, the number of bedrooms in affordable units must remain in the same proportion as the number of bedrooms in units within the entire building. Developers should generally distribute affordable units throughout the building or provided in an adjacent building. They should have substantially the same functionality as other units in the building or buildings

In addition to the above information, affordable housing incentive programs must state that the incentives serve to construct housing units for lower-income households. They must establish standards for occupancy that are based on income guidelines relative to local needs.

INCLUSIONARY ZONING

Although participation in incentive programs is voluntary, local governments may still enact mandatory inclusionary zoning programs as a tool to promote affordable housing.

The Legislature’s intent when they enacted RCW 36.70A.540 was to supplement powers already held by local governments – for instance, inclusionary zoning. Local governments should not construe as limiting this pre-existing power to enact inclusionary zoning.

For rental housing, lower-income households are defined as rental housing affordable to households with an income of fifty percent or less of county median income. For owner-

occupied housing, lower-income households earn eighty percent or less of county median income.

Local jurisdictions may establish lower or higher income levels based on the conditions of the local housing market. The higher income level may not exceed eighty percent of county median income for rental housing or one hundred percent of median county income for owner-occupied housing.

RCW 36.70A.540 outlines several provisions that local government must include in their housing plans. It wants local governments to develop their incentive programs after they do the following:

- Identify certain land use designations within a geographic area where increased residential development will assist in achieving local growth management and housing policies.
- Determine that increased residential development capacity or other incentives can be achieved within the identified area, subject to consideration of other regulatory controls on development.
- Establish a minimum amount of affordable housing that must be provided by all residential development being built under the revised regulations.

Development regulations enacted as part of an incentive program must require continued affordability for the next fifty years. This requirement should be enforced using covenants, options or other agreements executed and recorded by owners and developers.

Consolidated Plans

State and local governments receive annual block grants for community development and affordable housing from the U.S. Department of Housing and Urban Development (HUD). For each program, HUD describes a broad range of eligible activities. State or local governments determine which of the eligible activities will best serve the needs of their community. They make this determination by drafting a Consolidated Plan. These plans essentially represent a thorough and comprehensive housing plan.

The Consolidated Plan covers the HUD funded Community Development Block Grant (CDBG); HOME Investment Partnerships Program (HOME) and the Emergency Solutions Grant (ESG) Program. It delineates proposed activities funded under these programs. Jurisdictions located within entitlement areas must participate in this housing plan. Non-entitlement communities may want to consider using the Consolidated Plan as a format or guideline for their housing element.

The intent of the Consolidated Plan is to meet three basic objectives: 1) decent, affordable housing; 2) a suitable living environment; and 3) provide economic opportunities. The desired outcomes of the Consolidated Plan are (1) housing availability, (2) housing affordability and (3) community sustainability.

The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities. It attempts to align and focus funding toward meeting these priorities. Key components of the Consolidated Plan include:

- Consultation and Citizen Participation. The Consolidated Plan planning process engages the community, both in the process of developing and reviewing the proposed plan and as partners and stakeholders in the implementation of programs. By consulting and collaborating with other public and private entities, jurisdictions align and coordinate community development programs with a range of other plans, programs and resources to achieve greater impact.
- Housing and Community Needs Assessment: This section of the Consolidated Plan contains the facts. It includes a detailed housing market analysis. It describes the number, condition and needs of public housing within the community. It explains the number of families on public housing and tenant-based waiting lists. It includes an inventory of facilities that serve homeless persons, particularly chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth. It includes an inventory of facilities and services that assist persons who are not homeless but require supportive housing; for example, programs for ensuring persons returning from mental and physical health institutions receive appropriate supportive housing.
- Housing and Community Development Priorities: This section describes the jurisdiction's community development priorities and multiyear goals based on an assessment of housing and community development needs, an analysis of housing and economic market conditions and available resources.
- Annual Action Plan. The Annual Action Plans provides a concise summary of the actions, activities and the specific resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan. It includes cost estimates. In this way, it looks like a capital facilities plan.
- Consolidated Annual Performance and Evaluation Report (CAPER). The CAPER represents the jurisdiction's annual progress report. It outlines accomplishments and progress toward meeting the objectives outlined in the Annual Action Plan.

The Consolidated Plan requires some specific strategies. It requires jurisdictions develop a strategy regarding how it will respond to the needs of its homeless population. They must also provide a strategy relative to its goals, programs and policies to reduce the number of poverty-level families. Finally, it must explain how the jurisdiction will affirmatively advance fair housing throughout its community.

Continued Affordability:

The Consolidated Plan meets the requirements of RCW 36.70A.540's "Affordable Housing Plan" with one exception. RCW 36.70A.540 requires a longer period of continued affordability (50 years) than required by most HUD programs (approximately 15 years).

Continued affordability refers to requirements that the assisted housing remain affordable to the initial target population for a specific period of time. For instance, if the initial eligibility requirements limited the housing to people earning less than 80 percent of median income; then for the next fifty years the resale or rent of the housing unit must remain affordable to people earning less than 80 percent of median income. Enforcement of continued affordability typically occurs by recording a deed restriction.

The deed restriction stipulates the requirements for continued affordability. It also contains language that either: (1) limits the resale or rent of the housing unit, or (2) recaptures the public assistance provided to acquire the housing unit when it transfers ownership.

The resale option typically applies to areas with predominantly high home sales prices. These areas may have rapidly appreciating housing costs or a shortage of affordable homes for sale. In some cases, the areas simply lack available land for new housing.

The recapture option offers easier enforcement. The deed restriction converts into a lien whenever the property changes ownership. Release of the lien occurs when the seller repays the public assistance they received when they bought the housing unit.

The deed restriction that uses the recapture option will stipulate whether repayment means: (1) a prorated portion of the assistance relative to the net proceeds from the sale of the house; or (2) simply the sum total amount of assistance originally provided. It also stipulates what happens when net proceeds are insufficient. In such cases, the homebuyer may not receive their entire investment back and, likewise, the jurisdiction may not recapture the full amount of the financial assistance they provided.

In addition to easier enforcement, the recapture provision also provides a simpler resolution in the event of foreclosure. The resale option does not terminate in the event of foreclosure. When the foreclosed property gets recovered, it must still remain affordable to an income eligible buyer. On the other hand, the recapture option still requires the jurisdiction to recoup any net proceeds. However, since recapture is limited to net proceeds, if the resale of the foreclosed home does not generate any net proceeds, then the recapture agreement is terminated.

Both the Consolidated Plan and RCW 36.70A.540 require continued affordability. However, RCW 36.70A.540 requires a longer period (50 years) than required in most HUD-funded programs. When a local government offers incentives for affordable housing (e.g., financial assistance), then it must comply with the mandatory requirements of RCW 36.70A.540. In other words, it must make arrangements to assure continued affordability for 50 years – with a few exceptions.

RCW 36.70A.540 states: “The powers granted in this act are supplemental and additional to the powers otherwise held by local governments, and nothing in this act shall be construed

as a limit on such powers.” The language serves three different purposes.

- First, it distinguishes incentive programs from affordable housing programs with mandatory requirements (“inclusionary programs”).
- Second, the phrase distinguishes programs enacted after RCW 36.70A.540 from pre-existing programs. Pre-existing affordable housing programs do not have to comply with RCW 36.70A.540 unless an extension of the program is adopted by the local government in an ordinance or rule.
- Finally, it recognizes that cities and counties had the authority to adopt incentive programs prior to the adoption of RCW 36.70A.540. In other words, it establishes minimum standards for incentive programs that local governments chose to adopt after Year 2006, when RCW 36.70A.540 was passed by the legislature...

RCW 36.70A.540 provides some options when a conflict occurs relative to the terms of continued affordability. It states local government may accept payments in lieu of continued affordability. It allows a combination of continued affordability deed restriction plus a payment in-lieu of continued affordability. For example, a developer may offer a deed restriction stipulating a single family housing unit remain affordable for 15 years along with a payment for the depreciated value of the house for the remaining 35 years. Jurisdictions must use this payment to support the needs of the target population; for example, supportive services for low income people.

OTHER APPROACHES TO PROVIDE AFFORDABLE HOUSING

Regional Fair Share Affordable Housing Strategies

Washington State’s Growth Management Act (GMA) requires that local governments plan for the “provision of affordable housing for all economic segments of the community.”⁶⁴ In addition, they must comply with countywide planning policies. These countywide planning policies add another requirement pertaining to affordable housing. Counties are required to consider “parameters for the distribution” of affordable housing.⁶⁵ When these two laws are combined, a legislative mandate arises for “fair share” affordable housing policies.

“Fair Share” housing policies typically focus on where housing, particularly housing limited to households with less affluent incomes, should be located. It pertains to both the existing and future location of affordable housing. A notion that seems implicit in the term indicates some degree of dissatisfaction with the existing distribution of affordable housing; or perhaps, a concern that future distributions will result in social inequity or disproportionate cost-burdens on certain local governments for the provision of supportive services.

Fair share housing policies consist of three stages: estimation, allocation and enforcement.

⁶⁴ RCW 36.70A.070(2)

⁶⁵ RCW 36.70A.210(e)

The formulas to estimate affordable housing distributions combine present need (current distribution of affordable housing) and future needs (projected housing affordable housing needs). These estimates start with some rather broad assumptions. For instance, it might assume that all jurisdictions within the county ought to have the same mix of income groups – which in reality hardly ever occurs. Another assumption may contend that future populations will continue to have the same proportion of income groups – which likewise bucks current trends regarding the widening gap between high and low income groups.

More recently, planners use jobs-to-housing ratios to determine the fair-share distribution of affordable housing. This approach to estimating the distribution of affordable housing assumes communities should provide housing for the people who work in those communities. It estimates the number of affordable housing units needed to correct existing imbalances. It correlates future population growth with future economic growth to estimate the future need and distribution for affordable housing.

Although many counties mention fair share distribution of affordable housing, a few counties provide language that is more prescriptive. Snohomish and King County are excellent examples of more prescriptive fair-share affordable housing policies. Both of these counties provide affordable housing targets for each of their jurisdictions. For example, King County provides the following general policy and formula regarding future housing growth.

Housing Policy #1: *Address the countywide need for housing affordable to households with moderate, low and very-low incomes, including those with special needs. The countywide need for housing by percentage of Area Median Income (AMI) is:*

- 50-80% of AMI (moderate) 16% of total housing supply
- 30-50% of AMI (low) 12% of total housing supply
- 30% and below AMI (very-low) 12% of total housing supply

Some jurisdictions try to meet their fair share distribution of affordable housing by providing various incentives. Incentives include density bonuses and inserting inclusionary zoning requirements into development agreements. Some cities enacted inclusionary zoning ordinances. For instance, the City of Redmond's inclusionary program implements its inclusionary zoning on a neighborhood-by-neighborhood basis.

Redmond's inclusionary zone requires at least 15 percent of new homes in its residentially "constrained" zones be affordable to households earning less than 80 percent of area median income. (RMC 21.08.030) In 2012, Redmond's Bear Creek, Downtown, Willows/Rose Hill, Grass Lawn, Education Hill, Overlake, and North Redmond include areas with inclusionary zones. The City issued permits for 34 affordable homes through inclusionary

zoning requirements in 2012. They represent one-third of all the affordable housing units built in Redmond in 2012. (City of Redmond, “Community Indicators: 2013”)

OMB Circular A-95 reviews provide the main tool used to enforce fair-share housing policies. The Circular A-95 process establishes a regional clearinghouse. Jurisdictions are asked to comment on how local developments that involve federal funds meet local planning requirements such as countywide planning policies. A negative comment by a clearinghouse does not automatically invalidate the application for federal funding; however, it can hinder the application, particularly when the application involves funding distributed through a competitive process.

Local governments must include in their housing plans how they will accommodate their fair share of affordable housing. The increasing recognition of the association between jobs-to-housing balance and transportation costs emphasizes the relevance of this strategy.⁶⁶⁶⁷⁶⁸ More and more communities recognize traffic congestion and increases in the costs of goods and services as pointing to their lack of affordable housing. It may prompt them to demand that they get its fair share of affordable housing.

Regional Housing Trust Funds

Local governments can meet its “fair-share” requirement by pooling their resources. A regional housing trust fund helps cities work together to meet the housing needs of an entire region.

Best known among the regional housing trust fund efforts throughout the nation is the East King County, Washington housing trust fund administered by [A REGIONAL COALITION FOR HOUSING \(ARCH\)](#). ARCH was created in 1993 when King County and fifteen cities entered into an interlocal agreement to cooperatively address affordable housing issues on the east side of King County. ARCH both administers the trust fund and provides technical assistance to participating jurisdictions.

Participating cities play a key role in ARCH's overall efforts. They work together to review and take action on land use issues that affect affordable housing. They review and take action on ARCH work programs and administrative budgets. They review and take action on the use of local resources for projects recommended through the housing trust fund process and for specific projects.

ARCH’s collaborative efforts pay off. Participating cities commit general fund, federal revenues, and other funds annually to the trust fund. More than \$30 million has been made

66 Portland Metro Affordable Housing Technical Advisory Committee, “Affordable Housing Production Goals (Fair Share) of the Regional Affordable Housing Strategy”, June 2000

67 Jerry Weitz, “Jobs-To-Housing Balance”, American Planning Association, Report No. 516

68 Hongliang Zhang, “Fair Share Housing Allocation: A Regional Equitable Approach in Land Use Control and Housing”, Nexus Research Group, February 2003

available to the Fund. Since 1993, the ARCH Housing Trust Fund has funded over 2,575 units of East King County housing for families, seniors, and persons with special needs.

Sometimes communities form a serendipitous or organic regional housing trust fund. Cities voluntarily join forces to pool their resources. For example, the South King County “Human Services Funders Collaborative” or the Thurston County “Human Services Commission” are just two of many examples. Some of these collaborations are relatively large. For instance, the South King County Human Services Funders Collaborative represents seventeen other King County cities.

These collaborations work under the assumption that human services and affordable housing do not recognize city boundaries; rather it is a regional issue. They use common forms when they solicit grant applications. They collaboratively review the applications and make recommendations to their collaborating cities. Cities will commonly allocate their funds to build affordable housing in other cities. They recognize these housing units as part of their own housing market.

These organic housing trust funds or collaborations generate a number of grey hairs for planners. They require a great deal of coordination between different governing boards in each city. These collaborations particularly create problems with Consolidated Plans. Participating cities want to count the housing units they helped generate in their planning documents and reports. Consequently, some of these may get counted more than once. Planners who participate in such collaborations need to address how they will avoid over-counting their affordable housing units; otherwise, it will result in underestimating their housing needs.

Some of these organic housing trust funds are moving toward more formalized organizational structures – similar to ARCH. In some cases, they are melding into philanthropic organizations such as the United Way. Their informal budget compilations are getting combined into formal budgets that reflect the affordable housing efforts for the entire region.

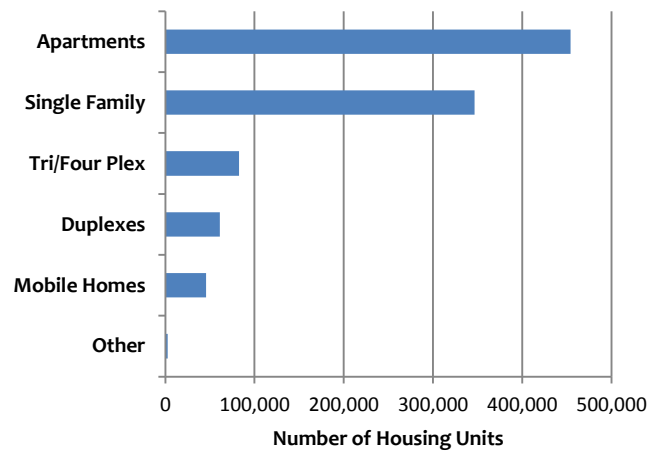
Private Sector Initiatives

Affordable housing units provided by private individuals often gets overlooked in housing plans, which is very unfortunate because they represent a huge portion of rental units. Next to multifamily apartment houses of five units or more, single family homes represents the next most common form of rental housing.

Most of these single family homes are owned by private individuals. They typically represent an investment made by other, private homeowners. They use these rental properties to reduce their federal income tax burden. In many rural areas and small towns, privately-owned single family homes comprise nearly all of their rental properties.

A number of programs exist to encourage private home owners to invest in affordable housing. For instance, the Washington Community Reinvestment Association (WCRA) is a non-profit supported by financial institutions around the state. WCRA administers three revolving loan pools currently totaling approximately \$105 million. Their lending programs provide long-term financing to support the creation and preservation of low income and special needs housing.

Figure 8-4
Rental Units by Type of Housing



Source: U.S. Census, Tenure by Units in Structure, 2012
American Community Survey

Another program is offered by the Federal Home Loan Bank's Affordable Housing Program (AHP). It matches private funding for the acquisition, construction, or renovation of affordable housing. The federal Department of Housing and Urban Development offers private individuals a number of investment incentives. Their programs range from low interest loans to loan guarantees to home repairs.

Relative to housing planning, local governments sometimes try to identify existing dwelling units formerly owned by higher income households. These units become potential affordable homes for lower income households. By filtering these units, they create a population of potential or actual landlords. Cities target these populations when they offer training in property management, crime prevention and nuisance abatement. Sometimes they offer them financial incentives through their housing repair programs and revolving loan funds for single-family, residential conversions. These loans and grants provide an incentive for private owners to convert their property into affordable units for lower income households.

Another strategy involves "spontaneous rehabilitation". This strategy focuses on the market's ability to rehabilitate deficient, affordable housing units so that they meet local building codes. For example, programs such as the Neighborhood Stabilization Program (NSP) provided funds to rehabilitate foreclosed and abandoned homes. These homes were later sold to lower income eligible homebuyers. Although not a program requirement, some NSP jurisdictions would limit these homes to first-time homebuyers. Several NSP jurisdictions continue to acquire, rehabilitate and sell foreclosed and abandoned homes today.

Habitat for Humanity represents another program. In addition to building new homes, several Habitat chapters are rehabilitating existing homes for lower income homebuyers. They were a major participant in the Neighborhood Stabilization Program.

Habitat for Humanity is a locally run affiliate of Habitat for Humanity International, a nonprofit, ecumenical Christian housing organization. They have affiliates and/or chapters in

nearly every Washington county. Habitat for Humanity works in partnership with people in need to build and renovate decent, affordable housing. The houses then are sold to those in need at no profit and with no interest charged. Habitat affiliates across the state build and rehabilitate an average of over 100 homes per year.

REGULATORY BARRIERS TO AFFORDABLE HOUSING

Viable strategies to promote affordable housing must include a review of existing land use plans and development regulations. For instance, land use designations or zones may result in limiting housing choices, which means decreasing the number of affordable homes. The intent of zoning is not to limit affordable housing as much as address serious land use issues. These issues range from traffic congestion to environmental protection. However, in the final analysis, zoning issues require balancing the impact versus cost of housing.

Lot size, lot width, and floor area lay the groundwork for the cost of housing. Based on the findings from the buildable lands reports, housing developments often do not meet the prescribed density stipulated in their zoning codes.⁶⁹ For instance, a zone with densities of eight dwelling units per acre often has housing developments producing four dwelling units per acre or less. These larger lot sizes result in more expensive land and larger homes. All of these combine to create larger price tags and less affordability. Chapter 6: Tools and Strategies to Address Housing Problems offer strategies, such as minimum required density ordinances, to avoid this problem.

Chapter 6: Tools and Strategies to Address Housing Problems provide a number of strategies to create affordable housing through land use plans and development regulations. The following are few suggestions not mentioned in Chapter 6. They were derived from Snohomish County's "Analysis of Impediments to Fair Housing Choices".

- **Small Lots:** At least one zone district (or overlay district or permit system) should exist that allows small lots (3,000 to 6,000 square feet) for single family detached housing in some locations.
- **Multifamily Zones:** Communities should have at least one zone district (or overlay district or conditional use permit) that allows the construction of multifamily housing. These zones need to include parcels big enough to develop multi-family housing.
- **Minimum House Sizes:** The zoning and subdivision regulations should not establish minimum house or dwelling unit sizes (beyond those in the building code).
- **Sidewalks:** Require sidewalks and wheelchair accessible curb-cuts. The lack of such features may exclude people with physical disabilities.

⁶⁹ Growth Management Services, "Buildable Lands Program: 2007 Evaluation Report – A Summary of Findings", Department of Commerce, August 2008

Land use plans and development regulations that limit or omit public transit is another barrier to affordable housing. Limited transit options increase dependence on the automobile to go essentially anywhere. As fuel prices increase, the housing-transportation affordability index for developments with no transit will significantly increase. These increases affect all income groups, particularly less affluent households.

Land use designations that reduce density likewise reduce the financial feasibility of public transit. The lack of transit has a disproportionate effect on people with disabilities. It restricts their access to services and it restricts their access to housing.

AFFORDABLE HOUSING AND THE GROWTH MANAGEMENT ACT

Housing affordability is an issue that affects everybody. As explained in an early section of this chapter, nearly everybody fits a definition of low income in some federally subsidized housing program. Furthermore, nearly everybody lives in poverty during some point in our lives.

Housing opportunities for people of all income groups is a key objective of the Growth Management Act (GMA). The GMA requires local governments make plans to provide several key elements to their constituents. Affordable housing is near the top of the list.

The policies and approaches to provide affordable housing strongly influence all the other elements. Planning for affordable housing is a key part to achieving GMA goals for transportation and economic development. Affordable housing determines the quality of life throughout Washington.

CHAPTER 9

NEIGHBORHOOD PLANNING

For homebuyers and tenants alike, where they choose to live becomes one of the most important decisions they make.

Next to greater affordability, relocation to a better neighborhood ranks among the top reasons to consider homeownership.⁷⁰ The choice of neighborhoods varies considerably among households. Nonetheless, popular and sustainable neighborhoods have a number of factors in common. The American Planning Association lists the following as characteristics of a “Great Neighborhood”⁷¹

- Has a variety of functional attributes that contribute to a resident's day-to-day living (i.e. residential, commercial, or mixed-uses).
- Accommodates multi-modal transportation (i.e. pedestrians, bicyclists, automobiles).
- Has design and architectural features that are visually interesting.
- Encourages human contact and social activities.
- Promotes community involvement and maintains a secure environment.
- Promotes sustainability and responds to climatic demands.
- Has a memorable character.

WHY DO NEIGHBORHOOD PLANNING?

Neighborhoods are places that meet the everyday demands of life – such as food, shelter and social bonding. They provide spaces where people can make and meet friends, exchange information, create projects, propose solutions and generally have fun together. They create and provide a common voice.

Sometimes residents nudge their cities into neighborhood planning. The City of Vancouver has an award-winning neighborhood program. Among other reasons, Vancouver created its Office of Neighborhoods to decrease citizen complains. The City of Seattle’s Department of

⁷⁰ Washington Center For Real Estate Research, “[Buying or Selling a Home in Washington: A 2010 Survey of Recent Buyers and Sellers: Executive Summary](#)”, page 3

⁷¹ American Planning Association, “Characteristics and Guidelines of Great Neighborhoods”

Neighborhoods is world-renowned. It too began through the work of neighborhood activists. However, most cities start planning at the neighborhood level because it works.⁷²

The neighborhood planning process generates a number of tangible and intangible benefits. Both city officials and neighborhood residents obtain a clear vision of its priorities. They develop a consensus on what needs to be done. The residents have among themselves recognizable leaders. They have greater visibility both civically and commercially. Businesses will know what services the neighborhood needs and/or what developments they may welcome.

Neighborhood planning can improve coordination of services and reduce regulatory costs. It brings greater attention, focus and problem solving to an area. It provides a forum to articulate and coordinate input regarding a wide range of issues.

KEY COMPONENTS OF A NEIGHBORHOOD PLAN

The neighborhood planning process typically includes developing a vision with input from a variety of stakeholder groups such as neighborhood residents, governmental officials, community organizations and local business owners. A neighborhood plan contains a set of strategies to maintain or improve designated areas that relate to the different uses such as residential, commercial, etc. Other important aspects of the plan include identifying boundaries of the neighborhoods and analyzing the social, economic, safety, housing, and demographic characteristics of the area.

Most importantly, neighborhood plans offer citizens perhaps their best opportunity to participate directly in the planning process. Neighborhood planning brings together multiple city departments, community organizations, schools, citizens, local business people and environmentalists. They all get together to express their concerns, needs and ideas for a specific area.

Neighborhood plans have a variety of different formats; but they essentially have three key features:

1. They organize neighborhood residents and seek their input through the planning process.
2. They establish neighborhood boundaries readily recognized in the community.
3. They involve the private sector, including both citizens and businesses, in the implementation of a neighborhood plan.

⁷² Jim Diers, *Neighbor Power: Building Community the Seattle Way*, University of Washington Press (January 1, 2004) *APA's Elements of a Neighborhood Plan*

APA's Neighborhood Plan Format:

Initially neighborhood plans looked like mini-comp plans. They contained nearly all of the same elements found in the comprehensive plan. The American Planning Association reviewed neighborhood plans from around the nation. From their analysis, they grouped the elements into four categories. They developed a matrix that breaks down each category relative to its importance. The column titled – “Promotes Collaboration” – pertains to information that stakeholders can continue to use after the planning process.

Table 9-1
APA's Elements of a Neighborhood Plan⁷³

CATEGORY	LEVEL OF IMPORTANCE		
	ESSENTIAL	OPTIONAL	PROMOTES COLLABORATION
General Housekeeping	Name of Plan	Plan Organization	Resource Directory
	Table of Contents	Graphic Aids	
	Time Frame		
	Acknowledgements		
	Glossary		
Planning Process Validation	Neighborhood Organizational Structure and Process	Relationship to Other Plans	
	Mission/Purpose statement		
	Citizen Participation Plan		
	Needs Assessment		
Neighborhood Establishment	Boundary Delineation	Neighborhood History	Neighborhood Identity
Functional Elements	Residential	Safety/Crime Prevention	Human Services
	Transportation/Circulation/Pedestrian Access	Parks/Recreation/Cultural Resources	Educational Needs
	Land Use / Zoning	Historic Preservation	Youth Services
	Infrastructure / Utilities	Economic Development	
		Employment / Commerce	

⁷³ Julie Wilke, *A National Review of Best Practices in Neighborhood Planning*, University of Texas at Austin, School of Architecture, 2007 Neighborhood Planning Conference, March 2006, Page 8

Seattle and Vancouver's Neighborhood Plan Format

Both the City of Vancouver and the City of Seattle use an abbreviated format for their neighborhood plans. They use the same format for each neighborhood. Using the same format allows them to offer training so residents can draft their own plans. Their neighborhood plans focus more on strategies and performance measurements.

The following is an example of the City of Vancouver's neighborhood plan format.⁷⁴

- Create a Neighborhood Profile
- Create a Neighborhood Vision Statement
 - A vision should be inclusive
 - A vision should have a flagship idea.
 - A vision should be comprehensive
 - A vision should be community-driven.
 - A vision should address implementation
- Create Objectives that include:
 - Public Safety
 - Open Space and Recreation
 - Community Appearance
 - Housing
- Create Action Steps that are:
 - Measurable
 - Results-Oriented
 - Realistic
- Prioritize Action Steps
- Identify Responsible Parties

ESTABLISHING NEIGHBORHOOD BOUNDARIES

A great deal of debate often occurs when trying to decide what to call a neighborhood. This debate is healthy because it articulates the character of the neighborhood. It identifies the values that neighborhood residents share and consider important.

⁷⁴ City of Vancouver Office of Neighborhoods, "Neighborhood Action Planning Kit"

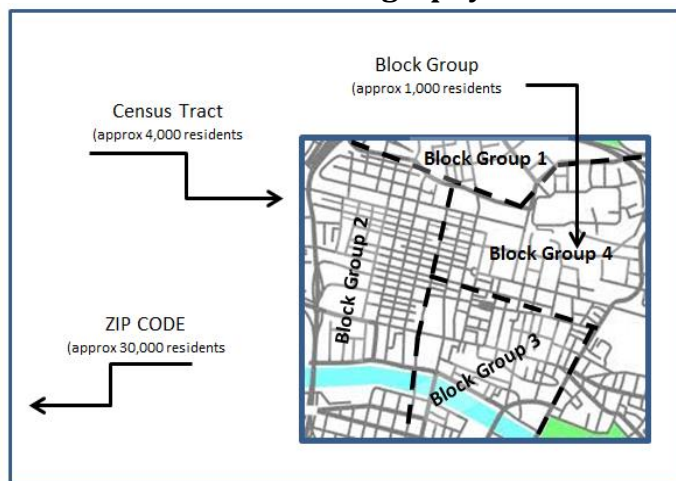
The size or boundaries of neighborhoods vary due to a number of factors. Sometimes boundaries become obvious due to physical and geographic constraints such as major streets and shorelines. Other factors include mobilizing public participation. For instance, neighborhood planners tend to use existing groups of people that represent a particular neighborhood. They contact the parent-teacher organizations or business groups. Subsequently, the boundaries of the neighborhood become the same boundaries as the attainment area of elementary school or business district catchment area.

Another consideration includes the size of the neighborhood. Traditionally planners use walking distance as a measurement regarding the size of neighborhoods. For instance, some school districts limit the use of school buses to pick up children who live a half a mile or more from a particular school. Subsequently, the size of the neighborhood has a half-mile radius – the distance children are expected to walk to school. More densely populated areas use a smaller walking radius. For instance, transit-oriented developments often use a quarter-mile radius.

In some suburban areas, neighborhoods consist of individual subdivisions or pods. Sometimes these pods are already organized. They have existing neighborhood associations. As the landscape gets filled-up with these pods, the need for coordination begins to arise. In such cases, neighborhood plans connect these isolated pods into a much larger neighborhood.

Another consideration is the number of people a neighborhood represents. This factor becomes important when considering how much staff time a city might dedicate to neighborhood planning. Smaller neighborhoods may require more overall staff time because smaller neighborhoods usually mean a city consists of a large number of neighborhoods. Consequently, city staff will need to go through the planning process more often. Larger neighborhoods may require less staff time because they go through the process less often, though the number and complexity of issues may be larger for each plan.

Table 9-2
Census Geography



Source: Bill Mandeville, AICP, Washington Dept. of Commerce, Growth Management Services

Another consideration is the source of the data used to analyze the neighborhood. Most planners use census data to calculate populations. The Census Bureau generally creates a census tract to represent a homogeneous group that does not change much over time. The optimal size of a census tract is 4,000 people. They break census tracts into block groups, which they consider 1,500

people as an optimal size.⁷⁵ By comparison, a zip code area may encompass tens of thousands of residents.

Finally, planners need to recognize pocket neighborhoods or neighborhoods within neighborhoods. For instance, a neighborhood consisting of pods may have several neighborhood associations. Each association has its own vested interest. Another example pertains to Neighborhood Block Watch. Neighborhood Block Watches vary in size. They range as small as one block to a dozen blocks.

A key characteristic of pocket neighborhoods is a shared common space. For instance, it might include clustered groups of neighboring houses or apartments gathered around a shared open space — such as a garden courtyard, a pedestrian street, a series of joined backyards, or a reclaimed alley. It might pertain to the original subdivision. In any case, those who live near the space have a clear sense of territory and shared stewardship.⁷⁶

SOURCES OF DATA FOR NEIGHBORHOOD PLANS

Neighborhood plans tap into the same sources of data used to draft the overall housing element of the comprehensive plan – only they focus on a small scale. The previous sections presented some of these data sources (e.g., housing inventory and housing profile). This section will focus primarily on sources of data used in neighborhood planning.

Housing Inventory

The tax assessment data used to draft the housing inventory (see Chapter 5) can also draft the housing inventory for neighborhood plans. In particular, this data can identify underdeveloped lots and blighted properties. This information might turn into some action plans to correct these problems.

American Community Survey Data

The American Community Survey replaces the once every ten years or “Long Form” from the Census Bureau. The “Long Form” data contained detailed demographic information at the block group level. It was formerly referred to as the STF-3 and STF-4 files. The American Community Survey replaces the “Long Form” data and, subsequently the SFT-3 and STF-4 files are no longer available. It now provides data at both the census and block group levels. Neighborhood planners will need to know the census tract and block group numbers for their neighborhood. The “Geography” section of the [Census website](http://www.census.gov/geography)⁷⁷ provides reference maps that supply this information.

⁷⁵ U.S. Census Bureau, “Geographic Definitions”, LINK: http://www.census.gov/geo/www/geo_defn.html

⁷⁶ Ross Chapin, *Pocket Neighborhoods*, Tautnton Press

⁷⁷ U.S. Census Bureau, “Reference Maps”, <http://www.census.gov/geo/maps-data/maps/reference.html>

Foreclosure Data

[Foreclosure-Response.org](http://www.foreclosure-response.org) is an online guide to foreclosure prevention and neighborhood stabilization. The site includes data about foreclosures, home loans and prolonged vacancies. It offers tools to create customized data reports and maps.

[**LOCAL INITIATIVES SUPPORT CORPORATION**](#) (LISC): To help states and communities make informed decisions about how to allocate and spend their resources for foreclosure prevention and neighborhood stabilization, the [**LOCAL INITIATIVES SUPPORT CORPORATION**](#) (LISC) has developed datasets with foreclosure "risk scores" at the ZIP Code level within each state and within each metropolitan area. These scores incorporate measures of subprime lending, foreclosures, delinquency, and vacancies.

HMDA High-Cost Loans⁷⁸

The Home Mortgage Disclosure Act (HMDA) requires most lending institutions to report mortgage loan applications, including the outcome of the application, information about the loan, and location of the property. The Federal Financial Institutions Examination Council (FFIEC) collects this data in order to determine whether financial institutions are meeting a community's housing credit needs; to target community development funds to attract private investment; and to identify possible discriminatory lending patterns. Indicators data available on Foreclosure-Response include:

- **Foreclosure Risk:** The density of high-cost purchase loans in an area measures the potential density of foreclosures. This indicator includes the rate of total and non-owner-occupant mortgage loans with high costs from 2004 to 2006. These high-cost loans have higher interest rates and are more likely to be at risk of foreclosure than loans with lower interest rates. Indicators of high-cost refinancing are also included.
- **Housing Market Strength:** The web site includes indicators of both the volume and median loan amount to give a sense of the demand for housing in a given area. Go to the HMDA Housing Market Conditions maps.

⁷⁸ Foreclosure-Response.org, Home Mortgage Disclosure Act Indicators, http://www.foreclosure-response.org/maps_and_data/hmda_data_2010.html#1

Neighborhood Stabilization Program

HUD provides foreclosure data at the county, place and Census tract level geographies. These files are downloadable. The following is an example of the information available for two Census tracts that represent most of the City of Tumwater, Washington.

Table 9-3
Example of HUD's Foreclosure Information
{City of Tumwater: Census Tracts 010800 & 010900}

Census Tract	010800	010900	Tumwater
Number of Households	2,675	4,057	6,732
Estimated Number of Foreclosures	24	36	60
Estimated Number Mortgages	1,186	1,886	3,072
Estimated Foreclosure Rate	2.0%	1.9%	1.97%
Total 90 Day Vacant Addresses	50	83	133
Total Residential Addresses	2,845	4,756	7,601
Estimated 90 Day Vacancy Rate	1.8%	1.7%	1.75%
Total High Cost MHDA Loans	1.8%	1.7%	1.75
Total HMDA Loans	771	1,226	1,997
Estimated High Cost Loan Rate	17.8%	17.2%	17.49%
BLS Unemployment Rate	5.7%	5.6%	5.65%
Change in Housing Price Index	-0.1%	-0.1%	-0.14%

Source: http://www.huduser.org/portal/datasets/nsp_foreclosure_data.html

Neighborhood Economic Data

Most economic data covers much broader areas than individual neighborhoods. Chapter 5 provides information for these data sources. Information taken off local business license applications provides perhaps the best source of economic data at the neighborhood level. The following sources provide some economic data on a smaller scale than typically found.

- U.S. Bureau of the Census, [Business and Industry](#): Every 5 years—in years ending in “2” and “7”—the Economic Census collects business statistics. The Economic Census uses the same geography as the Decennial Census. It provides information on industry revenues and other measures of American business. It provides perhaps the best source of information for small towns.

- Washington State Employment Security Department, [Reports, Data and Tools](#), provides detailed employment at the county level. It also includes data for some metropolitan areas.
- U.S Department of Labor, Bureau of Labor Statistics, [Local Area Unemployment Statistics](#): The **Local Area Unemployment Statistics (LAUS)** program produces monthly and annual employment, unemployment, and labor force data using Census regions and divisions, It provides information for states, counties, metropolitan areas and many cities. (Note: LAU numbers are similar to the STFID numbers.)
- U.S Department of Labor, Bureau of Labor Statistics, [Consumer Expenditure Survey](#): The **Consumer Expenditure Survey (CE)** program consists of two surveys, the Quarterly Interview Survey and the Diary Survey, that provide information on the buying habits of American consumers. The U.S. Census's Bureau of Labor Statistics collects the data. The CE database includes information at the county and LAU level.

School Data:

Chapter 5 presented the data available through Washington's Office of Superintendent of Public Instruction (OSPI). The data from OSPI's school report cards is particularly helpful when drafting neighborhood plans. It provides student demographic information. It includes the number of students receiving free and reduced-price meals and special education needs. In addition to OSPI, each individual school district has neighborhood data. This data particularly helps identify the characteristics of a neighborhood. Several school districts issue performance reports. These reports often include mobility rates – the percentage of students who did not attend the school the previous year. School mobility rates serves as important neighborhood indicator. Changes in this rate indicate whether residents find the neighborhood a good place to live and raise their children.

Terminal Park Elementary School

2012-13 School Performance Report



classroom is also equipped with a television. The televisions are connected to a closed circuit television system in the library.

MISSION STATEMENT

"At Terminal Park, we educate every child to meet or exceed standards. Through collaborative teaching and building relationships, we encourage respectful citizens who value learning and contribute to society."

Our mission statement provides a firm foundation and a clear direction for our learning community. An atmosphere of mutual respect models for children responsible behavior and a positive attitude. Positive and high expectations are set for the academic and social success of our students. Active citizen involvement is practiced by students, staff, and parents. We all take responsibility for building an atmosphere which fosters learning for everyone. We consistently emphasize our Tiger Expectations, which are: be safe, be respectful, be responsible, and give your best learning effort. We regularly recognize students for contributions to a positive climate through specific, timely praise and various methods of positive reinforcement.

ABOUT OUR SCHOOL

Located near the old railroad yards, Terminal Park Elementary School, built in 1945, adopted a railroad theme after a renovation in 1981. The school serves students from a variety of socio-economic and cultural groups. Terminal Park Elementary School is also the site of the district's gifted education program for elementary school students. The STEP (Student Teacher Enrichment Program) classes consist of students from many of the 14 elementary schools. Selection for the program takes place in the spring of the students third grade year in school.

• Special Education (May 2012)	13.4%
• Transitional Bilingual (May 2012)	12.8%
• Migrant (May 2012)	0.0%
• Section 504 (May 2012)	1.8%
• Foster Care (May 2012)	0.0%

Other Information

Unexcused Absence Rate (2011-12)	18.4%
Mobility Rate (2011-12)	28.0%

Student Information

Teacher Information (2011-12)

QUALITY OF LIFE, PUBLIC SAFETY AND SOCIAL EQUITY

The most distinguishable characteristic of neighborhoods is the level of citizen participation that they allow. For example, the City of Vancouver municipal code defines a neighborhood as follows.

“A neighborhood is a group of residents, property owners, businesses and non-profit organizations within the boundaries established by the affected residents, property owners, businesses and non-profits of the “neighborhood” for the purpose of considering and acting upon a broad range of issues affecting their neighborhood’s livability and to foster open communication and partnership with the city.”⁷⁹

Neighborhood plans are effective tools to transform neighborhoods. It focuses on assets not mentioned, at least in much detail, in comprehensive plans. These assets are as equally important to housing as land use designations and development regulations.

Neighborhood plans operate under the assumption that an integrated, coordinated planning effort is required to improve the quality of these five neighborhood assets:

1. Developmental assets that allow residents to attain the skills needed to be successful in all aspects of daily life (e.g., educational institutions, early learning centers, and health resources);
2. Commercial assets that are associated with production, employment, transactions, and sales (e.g., labor force and retail establishments);
3. Recreational assets that create value in a neighborhood beyond work and education (e.g., parks, open space, community gardens, and arts organizations);
4. Physical assets that are associated with the built environment and physical infrastructure (e.g., housing, commercial buildings, and roads); and
5. Social assets that establish well-functioning social interactions (e.g., public safety and community engagement).

Cities use neighborhood plans to mobilize residents to create and sustain the above neighborhood assets. The following are some examples of how neighborhood plans help improve the quality of life.

⁷⁹ Vancouver Municipal Code, Section 2.75.020: Definitions: Neighborhood

Crime Prevention through Environmental Design (CPTED) and Landlord Training:⁸⁰

Neighborhood plans are an excellent way to implement crime prevention through environmental design (CPTED). CPTED uses urban design and planning to make areas feel safer at all hours. It focuses on various ways the built environment can help deter crime. Neighborhood plans identify areas where CPTED might work effectively. If nothing else, it brings the principles and recommended practices to homeowners and property managers.

Many “landlord training” programs include training about CPTED. Landlord Training programs were designed to help law enforcement agencies, landlords, property managers, and residents keep illegal activity out of rental property. John H. Campbell of Campbell DeLong Resources Inc.⁸¹, developed the initial program for the Portland (Oregon) Police Bureau. Funding from the U.S. Department of Justice enabled them to set up programs across the nation (including remote villages in Alaska). The program received national recognition as an “Innovation in State and Local Government” by the Kennedy School of Government at Harvard University.

Landlord training programs are particularly effective in areas with large numbers of rental housing units. Some communities issue certificates or logos that property managers, who completed the training, can display somewhere prominently on their property. These certificates/logos help assure prospective tenants that they are moving into a safe neighborhood.

Neighborhood plans that promote landlord training and CPTED tend to focus on maintaining the collaboration, created during the planning process, between landlords, property managers and police departments. They might form landlord/property manager associations that continue to provide training and update the resources mentioned in the neighborhood plan.

- *More Information*

- Department of Commerce, [PROPERTY MANAGEMENT RESOURCES](#)
- Campbell Delong Resources, [NATIONAL LANDLORD TRAINING PROGRAM: KEEPING ILLEGAL ACTIVITY OUT OF RENTAL PROPERTY,](#)

⁸⁰ Department of Commerce, Property Management Resources, <http://www.commerce.wa.gov/Programs/housing/TrustFund/Pages/PropertyManagementResources.aspx>

⁸¹ Campbell Delong Resources, “[National Landlord Training Program: Keeping Illegal Activity Out of Rental Property](#), LINK: <http://www.cdri.com/community-problem-solving/landlordproperty-management-training.html>

Safe Routes to School⁸²

Safety issues are a big concern for parents, who consistently cite traffic danger as a reason why their children are unable to bicycle or walk to school.⁸³ The Federal Safe Routes to School (SRTS) Program empowers communities to make walking and bicycling to school a safe and routine activity.

Neighborhood plans identify safe school routes and mobilize neighborhoods to keep them safe. They typically include maps that illustrate designated “safe school routes”. Local school districts, parent-teacher organizations and police use these maps to organize their school patrols and intersection monitors.

Washington's Safe Routes to School program provides technical assistance and resources. The program strives to get more children walking and bicycling to school safely, reduce congestion around schools and improve air quality. Since its inception in 2005, it has reached 177 schools. It improved walking and biking conditions safer for about 77,000 children. The number of children biking and walking has increased by over 20 percent, with a measured increase in pedestrian and bicycle facilities and a reduction in motorist speeds.

Neighborhood plans might outline design criteria that local residents believe will make them more comfortable to allow their children to walk or bicycle to school. For instance, increasing the number of streetlights along designated Safe School Routes improves visibility and safety. It designates these routes as uniquely different from residential streets.

Another strategy pertains to bicycle routes and bicycle boulevards. Designated Safe School Routes might have restricted parking on one side of the street during a school's peak rush hours. In this way, children will not weave in and out of traffic as they pass parked cars. Bicycle boulevards are streets where bicyclists have the right-of-way. It allows bicyclists, such as middle and high school students, to pedal faster and get to school more safely.

The process to draft neighborhood plans gets school, city and police officials to collaborate with local residents. These plans provide residents information about safe routes to school. For instance, they identify Safe School Route Coordinators assigned by school districts and police departments to coordinate the program. Neighborhood plans enables them to continue the collaboration necessary to keep these routes to and from school safe. They help assure parents that they will stay that way.

- *More Information*

- Washington State Department of Transportation, [SAFE ROUTES TO SCHOOL](#)
- Federal Highway Administration, [SAFE ROUTES TO SCHOOL PROGRAM](#)

⁸² Washington State Department of Transportation, [Safe Routes to School](#)

⁸³ Federal Highway Administration, Safe Routes to School Program, <http://safety.fhwa.dot.gov/saferoutes/>

Historical Places and Historic Preservation

Neighborhood planning offers an excellent tool for historic preservation. Neighborhood plans can identify historical assets. The planning process and resulting plan encourages residents to preserve these assets. Washington State's Department of Archaeology and Historic Preservation offers a "[CERTIFIED LOCAL GOVERNMENT PROGRAM](#)" (CLG). This program guides local governments through the process to meet federal and state standards for historic preservation. CLGs may apply for special grants and may offer special tax valuation to locally listed properties.

Urban and Community Forests

Many cities proudly display signs indicating they are a "Tree City USA." Urban forest programs generate several benefits including increased property value, energy conservation, reduced noise levels and improved air quality. Neighborhood plans often serve as the first step toward organizing and recognizing this urban forest. These plans may include inventory of trees. It may include a list of significant or heritage trees – a tree or collection of trees valued for its unique characteristics that set it apart from other similar trees or serves as a neighborhood landmark. The Washington State Department of Natural Resources offers an "Urban and Community Forestry Program." Their program includes on-line training along with other resources and technical assistance.

- *More Information*

- Department of Commerce, Evergreen Communities Act, [A GUIDE TO COMMUNITY AND URBAN FORESTRY PROGRAMING](#)
- Department of Natural Resources, [URBAN AND COMMUNITY FORESTRY PROGRAM](#)

NEIGHBORHOOD PLANS AND TRANSACTION COSTS

Neighborhood plans present a plan for a clearly delineated area. They give more detailed recommendations than offered by the comprehensive plan. In this way, neighborhood plans can decrease transaction costs by improving the predictability and reducing the complexity of development regulations in a particular area.

The staff costs to organize neighborhood stakeholders and draft neighborhood plans represents the main transaction costs for most cities and counties. Several cities reduce these costs by training residents to draft their neighborhood plans.

Neighborhood plans should focus more on quality of life, public safety and equity issues and less on land use issues, which are covered in the comprehensive plan. Empowering residents to help improve public safety and collaboratively work together to decrease public

nuisances can result in some significant cost-savings for local governments. Many cities use neighborhood planning as means to reduce public complaints, vandalism and property crime. They also help residents develop the capacity to organize and/or solve their own problems. For example, neighborhood block watch programs and greater participation in parent-teacher organizations are common spinoffs from neighborhood planning. Empowered residents can provide a number of intangible benefits that reduce costs – such as reduced crime rates, less vandalism and better use of local schools and playgrounds.

Cities and counties can reduce the cost to develop neighborhood plans by avoiding turning them into “mini-comprehensive plans.” Instead, they develop neighborhood plans that look more like a strategy or work plan. The neighborhood programs in both Seattle and Vancouver use this approach. Their plans consist of a vision statement and then steps necessary to make that vision a reality. They develop an action plan or work plan that identifies responsible parties. They use a common format that reduces their cost to train residents to write their own plans.

POLICIES FOR SUSTAINABLE NEIGHBORHOODS

Residents and local governments across the state are working to advance sustainable neighborhoods. They focus on local food supply, sustainable energy sources, prosperous local economy, vitality and community well-being.⁸⁴

Partnership for Sustainable Communities

Thurston County Regional Planning Council and the Puget Sound Regional Council received Sustainable Communities Challenge grants. These grants are part of the HUD-DOT-EPA Partnership for Sustainable Communities. They are using these grants to draft neighborhood and regional plans that advance the six livability principles that will act as a foundation for inter-governmental coordination:

1. Provide more transportation choices: Develop safe, reliable and economical transportation choices to decrease household transportation costs, reduce our nation’s dependence on foreign oil, improve air quality, reduce greenhouse gas emissions and promote public health.
2. Promote equitable, affordable housing: Expand location- and energy-efficient housing choices for people of all ages, incomes, races and ethnicities to increase mobility and lower the combined cost of housing and transportation.

⁸⁴ [TRANSITION NETWORK](#) provides links to groups across American who are interested in helping achieve a vision of resiliency and self-reliance. Their website lists a dozen initiative groups across the state of Washington. [PARTNERSHIP FOR SUSTAINABLE COMMUNITIES](#) provides access to information about “smart growth” initiatives across the nation. [RESOURCES ON SUSTAINABLE COMMUNITIES](#) provide a comprehensive list of additional groups and initiatives – including several in Washington.

3. Enhance economic competitiveness: Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers as well as expanded business access to markets.
4. Support existing communities: Target federal funding toward existing communities—through such strategies as transit-oriented, mixed-use development and land recycling—to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes.
5. Coordinate policies and leverage investment: Align federal policies and funding to remove barriers to collaboration, leverage funding and increase the accountability and effectiveness of all levels of government to plan for future growth, including making smart energy choices such as locally generated renewable energy.
6. Value communities and neighborhoods: Enhance the unique characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban.

Cradle to Grave Neighborhoods:

The Urban Land Institute put forth the concept of “cradle to grave” neighborhoods. They point out that if a person can be born, raised, go through college, return to the neighborhood, and live out his or her life in the neighborhood, it implies sustainability, longevity, and history. “Cradle to Grave” neighborhoods have the following characteristics:

- unique identity,
- recognizable smaller components,
- both physical and intergovernmental connectivity,
- neighborhood guidelines and a logo.

The Urban Land Institute advocates capturing these characteristics through well-drafted neighborhood plans.

Neighborhood Revitalization Initiative⁸⁵

President Obama declared in his Inaugural Address, “the time has come to reaffirm the promise that in the United States of America “all are equal, all are free, and all deserve a chance to pursue their full measure of happiness.”⁸⁶

⁸⁵ Office of the President, Office of Urban Affairs, [Neighborhood Revitalization Initiative](#)

⁸⁶ Office of the President, “[The White House Neighborhood Revitalization Initiative](#)”

The Neighborhood Revitalization Initiative, a White House-led interagency collaboration, has been developing and executing a place-based strategy to empower neighborhoods across the nation. It has five key elements:

- 1) resident engagement and community leadership;
- 2) developing strategic and accountable partnerships;
- 3) maintaining a results-focus supported by data;
- 4) investing in and building organizational capacity; and
- 5) alignment of resources to a unified and targeted impact strategy.

This initiative resulted in a number of federal agencies focusing their resources on neighborhood level activities. The HUD-DOT-EPA Partnership for Sustainable Communities is one example. The Department of Justice is also actively involved in implementing this initiative.

Conclusion

Targeting specific neighborhoods was a major lesson learned through the Neighborhood Stabilization Program. Neighborhood plans focus on the vision of a community and mobilizes resources toward achieving that vision. Even with the challenge of the housing downturn, it presents the best approach toward stabilizing home prices by creating and sustaining neighborhoods that people value.

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